

# **Analysis of Impediments to Fair Housing Choice in the City of Wilmington & New Hanover County**



**With Assistance from Ken Weeden & Associates, Inc.**

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## **SECTION I: INTRODUCTION AND SUMMARY OF METHODOLOGY**

### **A. Purpose**

This document, the *Analysis of Impediments to Fair Housing Choice in Wilmington and New Hanover County* was prepared by the City of Wilmington and New Hanover County as part of their individual compliance requirements from the U.S. Department of Housing and Urban Development (HUD), the state of North Carolina's Small Cities Block Grant and Community Development Block Grant (CDBG) Programs, and the HUD Disaster Recovery Initiative (DRI) grant program. HUD requires both the City of Wilmington and New Hanover County to conduct this type of analysis, and the City and County have determined that it is prudent and reasonable to conduct this study jointly. This coordination between City and County governing bodies is an affirmative step towards identifying and eliminating barriers to fair housing for Wilmington and New Hanover County residents. The City of Wilmington and New Hanover County are each taking actions to affirmatively further fair housing.

**Note:** New Hanover County receives CDBG funds from HUD for the *unincorporated* areas of the county. However, county government is responsible for ensuring fair housing laws are enforced *throughout* the entire county. Therefore, except where noted, statistics and figures will refer to the county as a whole. If and when data for *unincorporated* portions of the county is readily available and relevant, this data will be included. Again, the county receives funding for just areas which are unincorporated, but is responsible for fair housing throughout the jurisdiction.

The purpose of these actions is to eliminate discrimination and segregation in housing on the basis of race, color, religion, sex, age, disability, familial status or national origin, and to expand housing choices for the residents of the City of Wilmington and New Hanover County. As part of the effort to attain this goal, HUD requires jurisdictions to engage in fair housing planning. This process requires:

- 1) *the development of an Analysis of the Impediments to Fair Housing Choice;*
  - 2) *the development of activities to overcome the effects of the identified impediments;*
- and*

3) *the development of a system of record-keeping to monitor and record the activities undertaken to reduce or overcome the identified impediments to fair housing choice.*

## **B. Definition of Terms**

The U.S. Department of Housing and Urban Development utilizes the following definitions:

### Fair Housing:

The Fair Housing Act, 42 U.S.C. 3601 et seq., prohibits discrimination by direct providers of housing, such as landlords and real estate companies, as well as other entities, such as municipalities, banks or other lending institutions and homeowners insurance companies whose discriminatory practices make housing unavailable to persons because of race or color, religion, gender, national origin, familial status, or disability.

For persons with disabilities, fair housing law makes it illegal to:

- fail to make reasonable accommodation in rules, policies, and services to give a person with a disability equal opportunity to occupy and enjoy the full use of a housing unit and
- fail to allow reasonable modification to the premises if the modification is necessary to allow full use of the premises.

### Impediments to Fair Housing Choice:

- Any actions, omissions or decisions taken because of race, color, religion, sex, disability, familial status or national origin which restrict housing choices or the availability of housing choices; or
- any actions, omissions or decisions that have the effect of restricting housing choices on the basis of race, color, religion, sex, disability, familial status or national origin.

## **C. Methodology**

The City of Wilmington and New Hanover County selected Ken Weeden & Associates, Inc. Planning Consultants (KWA) to assist with this *Analysis of Impediments to Fair*

*Housing Choice* (AI). KWA has assisted the County in two (2) previous AI studies and has assisted the City in various community development-related initiatives. This study involves data collection and analysis from a variety of sources and analysis of that data, as described below.

- 1) Review of City of Wilmington's previous AI, completed in 2003 and the last AI completed by the County (in 2006);*
- 2) Review of locally-generated reports and other relevant data pertaining to the local housing market, patterns, and local economy;*
- 3) Assessment of housing discrimination complaints;*
- 4) Examination of mortgage lending trends through the analysis of data available through the Home Mortgage Disclosure Act (HMDA);*
- 5) Consultation with housing practitioners (service providers, advocates, local government officials) about actual and potential impediments to fair housing;*
- 6) Survey of real estate and mortgage professionals regarding the housing market and local real estate market practices; and*
- 7) Survey of local citizens to determine general perceptions regarding housing and the status fair housing rights in the City and County.*

## **SECTION II: SUMMARY OF FINDINGS & RECOMMENDED ACTIONS**

The current analysis identified the following possible impediments to Fair Housing Choice in New Hanover County:

### **A. Lack of affordable housing for low-income and disabled residents**

Service providers report that demand exceeds the supply of accessible, subsidized units for disabled individuals. The lack of affordable rental housing, especially for elderly, disabled and other special populations is well documented, by the *City of Wilmington Five Year Consolidated Plan for CDBG AND HOME Programs 2007-2012*<sup>1</sup> (known as the Consolidated Plan) and practitioners.

### **B. Lack of fair housing enforcement by a local agency or department**

New Hanover County has eliminated its Human Relations Commission, the agency that had been responsible for investigating fair housing complaints and educating the

community on local, state and Federal fair housing laws. This agency also enforced fair housing laws for the City of Wilmington. Therefore, there is no local department or commission charged with enforcing fair housing regulations within the city or county government structure. (Fair housing enforcement is being handled by the HUD office in Atlanta, Georgia). This may present a barrier to fair housing within the local area.

**Note:** Large municipalities are often able to dedicate staff resources to fair housing education and enforcement, which may not be feasible in smaller cities/ counties with less staff. This issue is discussed further in subsequent sections.)

### **C. Disparity and inequality in lending**

Analysis of 2008 HMDA data reveals a disparity in the loan origination patterns and denial rates of minorities and non-minorities in the Wilmington area. Despite similar income levels, minorities have a higher rate of denial than non-minorities. Additionally, minorities appear to receive subprime mortgages at a higher rate than similarly situated non-minority applicants. The information strongly suggests that there are disparities in mortgage lending and real estate transactions in the local area based on discriminatory practices. This presents a barrier to fair housing in the Wilmington area.

## **SECTION III: DEMOGRAPHIC INFORMATION**

Wilmington is located in and is the county seat of New Hanover County, North Carolina. The city has a total area of 52.8 square miles. New Hanover County is the second smallest of the 100 North Carolina counties. New Hanover County is located on the coast of North Carolina, and although the County is less than 200 square miles, it is among the most densely populated in the State of North Carolina. New Hanover County is home to three (3) small towns - Carolina Beach, Kure Beach and Wrightsville Beach (known as “the beaches”) - and one large city, Wilmington.

*Note: For the purposes of this report, the “county” will refer to the entire county, including the City of Wilmington, the beaches and unincorporated areas. This is the definition most often utilized by Census data. Where possible, data that reflects the City of Wilmington and the beach towns will be removed to reflect just the unincorporated areas of the county.*

## A. Population

In 2000, the U.S. Census Bureau (Census) indicated that Wilmington's population was 75,838; in 2008 the Census estimated that the population was 100,192. In 2008, Wilmington was North Carolina's 8<sup>th</sup> most populous city, according to the Office of State Budget and Management<sup>2</sup>. According to the Census, in 2008, New Hanover County had a population of 192,538, which is a 20% increase from the figure reported in the 2000 Census.

*Note: The most recent data available from the U.S. Census Bureau regarding demographic information comes from the American Community Survey (ACS). The ACS collects and produces population and housing information every year instead of every ten years. Data are based on a sample and are subject to sampling variability. In 2008, the Census Bureau released its first 3-year estimates based on ACS data collected from 2005 through 2007. These 3-year estimates are available annually for geographic areas with a population of 20,000 or more. This data set includes the City of Wilmington and New Hanover County and has a 90% margin of error. Information presented in the demographic section of this document is from the 2006-2008 ACS unless otherwise indicated.*

**Table 1: Population Growth in Wilmington & New Hanover County**

	2000	2008	% Change
Wilmington	75,838	100,192	32%
New Hanover County	160,307	192,538	20%

Source: 2006-2008 American Community Survey, U.S. Census Bureau

## B. Racial/ Ethnic Background

Based on the 2006-2008 ACS estimates, of people reporting one race alone in New Hanover County, 80% were White; 15% were Black or African American; less than 0.5% were American Indian and Alaska Native; 1% were Asian; less than 0.5% was Native Hawaiian and other Pacific Islander, and 2% reported "some other race". One percent (1%) reported being a member of "two or more races". Three percent (3%) of the people in New Hanover County were Hispanic. Seventy-eight percent (78%) of the people in New Hanover County were White, non-Hispanic. People of Hispanic origin may be of any race.



**Table 2: Race in Wilmington & New Hanover County (2006-2008 Estimates)**

	<b>Wilmington</b>	<b>% of Total Population</b>	<b>New Hanover County</b>	<b>% of Total Population</b>
White alone	72,463	73%	150,959	80%
Black or African American alone	21,727	22%	29,335	15%
American Indian and Alaska Native alone	474	0%	718	0%
Asian alone	1,027	1%	2,141	1%
Native Hawaiian and Other Pacific Islander alone	47	0%	162	0%
Some other race alone	2,603	3%	4,100	2%
Two or more races:	1,397	1%	2,445	1%
Two races including Some other race	129	0%	288	0%
Two races excluding Some other race, and three or more races	1,268	-	2,157	-
<i>Hispanic or Latino Origin</i>				
Not Hispanic	96,006	96%	183,609	97%
Hispanic or Latino	3,732	4%	6,251	3%
<b>Total</b>	<b>99,738</b>	<b>100%</b>	<b>189,860</b>	<b>100%</b>

**Source:** 2006-2008 American Community Survey, U.S. Census Bureau

### Areas of Minority Concentration

*All of the tract and block statistical data presented below is from Census 2000 unless otherwise noted.*

**Table 3: New Hanover County Areas of Minority Concentration by Income Level and Census Tract**

Tract Code	Tract Income Level	Tract Minority %	% Below Poverty Line	City Limits
101	Low	79.32	44.59	City
102	Moderate	67.27	19.66	City
103	Moderate	65.26	28.17	City
104	Upper	13.01	9.92	City
105.01	Moderate	32.37	25.56	City
105.02	Moderate	25.03	18.36	City
106	Upper	4.42	6.77	City
107	Moderate	36.8	19.52	City
108	Moderate	26.64	21.72	City
109	Moderate	15.58	11.75	City
110	Low	59.45	30.95	City
111	Low	93.68	36.87	City
112	Moderate	58.98	24.85	City
113	Moderate	39.54	37.60	City
114	Low	97.12	47.51	City
115	Middle	26.62	9.53	City
116.01	Middle	18.96	11.25	City
116.03	Middle	25.19	9.15	City
116.04	Middle	20.02	9.90	County Only
117.01	Middle	5.29	5.01	City
117.03	Upper	5.37	6.16	City
117.04	Upper	4.67	4.14	County Only
118	Upper	2.31	9.82	County Only
119.01	Middle	12.22	21.65	City
119.02	Middle	9.87	24.49	City
120.01	Upper	6.2	7.57	City
120.03	Upper	10.22	8.71	City
120.04	Upper	4.6	4.03	City
120.05	Upper	10.92	4.59	City
121.01	Middle	11.53	7.89	City
121.02	Middle	9.86	6.56	County Only
122	Middle	3.26	8.55	County Only

**Source:** Federal Financial Institutions Examination Council; <http://www.ffiec.gov>; Accessed 1/2/10

There are thirty-two (32) census tracts within New Hanover County; just five (5) are outside of the City of Wilmington.

**Table 3** indicates the areas of the county that are largely minority. Census website data creates maps on the basis of ethnicity, and since the largest racial/ ethnic compositions in New Hanover County are white and black, these maps detail those populations. As the maps show, large concentrations of minority (black) residents are concentrated in the core of the city (downtown), while non-minority (white) residents are on the outskirts and towards the beach areas. (Note that Table 3 includes the beach towns.)

### C. Age and Gender

The median age in Wilmington is 34.9 years; the median age in New Hanover County is 37.4 years. Table 4 describes the demographics in more detail.

**Table 4: Age & Gender Wilmington & New Hanover County (2006-2008 Estimates)**

	Wilmington	New Hanover County
Age		
5 to 14 years	10.4%	11.6%
15 to 17 years	3.5%	3.5%
18 to 24 years	15.3%	11.3%
15 to 44 years	45.6%	43.1%
16 years and over	82.3%	80.9%
18 years and over	80.0%	78.5%
60 years and over	19.4%	18.9%
62 years and over	17.3%	16.5%
65 years and over	14.3%	13.2%
75 years and over	7.7%	6.2%
Median age (years)	34.9	37.4
Male	47.5%	48.3%
Female	52.5%	51.7%

Source: 2006-2008 American Community Survey, U.S. Census Bureau

### Senior Citizens and the Elderly

In 2008, the North Carolina Department of Health and Human Services Division of Aging and Adult Services released a comprehensive study on aging and elderly citizens in six (6) counties. The study was the result of a request by the General Assembly to make projections regarding the changing demographics in these counties, which included New Hanover. The study provides detailed information about the demographic profile of older adults in the community, based on the 2000 Census data.

**Table 5: Demographic Profile of Older Citizens in New Hanover County, 2000**

	New Hanover	North Carolina
Persons age 65+ in community with 0 disabilities* (as % of age group), 2000	57.5%	54.3%
Persons age 65+ in community with 1 disability* (as % of age group), 2000	18.9%	20.6%
Persons age 65+ in community with 2 or more disabilities* (as % of age group), 2000	23.6%	25.1%
Median household income for age group 55-64, 1999	\$47,573	\$42,250
Median household income for age group 65-74, 1999	\$36,487	\$28,521
Median household income for age group 75+, 1999	\$25,242	\$19,303

**Source:** Aging Study of New Hanover County, Dept. of Health and Human Services, 2008

\* The US Census Bureau defines disability as “a long-lasting physical, mental, or emotional condition. This condition can make it difficult for persons to do activities such as walking, climbing stairs, dressing, bathing, learning, or remembering.

First, the study predicts significant growth in the number of persons over the age of 60 in New Hanover County, as compared to the state. **Table 6** below describes this growth.

**Table 6: Comparison of Estimated and Projected Population Growth for Ages 60+ Between 2005-2030**

	2005	2030	% Growth
<b>New Hanover County</b>	31,859	68,883	116.2%
<b>North Carolina</b>	1,424,450	2,811,519	97.4%

**Source:** Aging Study of New Hanover County, Dept. of Health and Human Services, 2008

**Table 7: 2008 County Profiles of Persons Age 60 and Older**

	60+	60+ Poor	60+ Minority	60+ Rural	60+ Poor Minority	60+ Severe Disabilities	70+
<b>New Hanover County</b>	35,436	3,136	4,683	1,602	414	3,562	17,296
<b>North Carolina</b>	1,517,309	188,193	271,249	660,337	37,671	170,879	752,782
		% of 60+ Poor	% of 60+ Minority	% of 60+ Rural	% of 60+ Poor Minority	% of 60+ Severe Disabilities	% of 60+, who are 70+
<b>New Hanover County</b>		8.8	13.2	4.5	1.2	10.1	48.8
<b>North Carolina</b>		12.4	17.9	43.5	1.2	11.3	49.6

**Source:** Aging Study of New Hanover County, Dept. of Health and Human Services, 2008

This report shows that “The county has a wide variety of home and community-based services for older adults. Need assessment surveys reflect a need for funding for senior centers, CAP/DA, home-delivered meals, and housing and home improvement.”<sup>3</sup>

Despite the growth of this community, the report indicates “The Division of Health Service Regulation determined in the 2008 State Medical Facilities Plan that there was

no need for additional adult care home beds, nursing home beds, Medicare-certified home health agencies, or hospice home care agencies.”<sup>4</sup>

Note that based on the 2006-2008 ACS, approximately 13.2% of the residents in New Hanover County and 14.3% of Wilmington residents are age 65 or older. Of that population, 7.9% are living below the poverty level in New Hanover County, compared to 8.4% in the City of Wilmington. Per the aging report, the county has a lower percent of older adults who are poor, minority, and have severe disabilities compared to the state.

#### **D. Disabled Population**

**Table 8** below describes the characteristics of disabled individuals in the City of Wilmington and New Hanover County.

**Table 8: Disability Characteristics, 2008**

<b>% With a Disability</b>	<b>Wilmington</b>	<b>New Hanover County</b>
Total civilian noninstitutionalized population	11.8%	11.0%
Population under 5 years	0.0%	0.0%
Population 5 to 17 years	4.5%	3.2%
Population 18 to 64 years	8.4%	8.2%
Population 65 years and over	39.3%	39.3%

**Source:** 2008 American Community Survey, 1-Year Estimates, U.S. Census Bureau

According to the Consolidated Plan, there is a need for people with special needs to have supportive services available regardless of whether they rent or own. According to Census data, there are 2,038 elders and 1,033 households with a disabled member, whose incomes are less than 80% of area median income, who need supportive services. It is extremely difficult to pinpoint the housing tenure (i.e. homeowners or renters) of disabled individuals. Neither rental housing applicants nor home loan applicants are required to disclose disabilities. (In the case of rental housing, an applicant might have to disclose a disability in order to request handicapped accessible housing.)

Also note that according to the August 2006 Homeless Point-in-Time Survey, 260 of New Hanover County's homeless residents are disabled. This would indicate a need to

continuously evaluate the housing and other needs of the disabled population in the city and county.<sup>5</sup>

## E. Income & Poverty

The median income of households in the City of Wilmington was \$39,354, compared to the median household income in New Hanover County (including the relatively affluent beach towns) of \$49,068, based on the 2006-2008 Census estimates.

**Table 9: Income in the Past 12 Months**

Subject	City of Wilmington		New Hanover County	
	Households	Families	Households	Families
Less than \$10,000	11.60%	5.20%	8.4%	3.8%
\$10,000 to \$14,999	7.90%	5.80%	5.6%	3.6%
\$15,000 to \$24,999	13.70%	8.50%	11.3%	7.5%
\$25,000 to \$34,999	12.10%	8.90%	11.0%	7.6%
\$35,000 to \$49,999	13.00%	15.00%	14.6%	14.9%
\$50,000 to \$74,999	17.70%	20.40%	20.1%	22.7%
\$75,000 to \$99,999	8.70%	12.50%	11.0%	14.6%
\$100,000 to \$149,999	8.00%	12.00%	10.0%	13.7%
\$150,000 to \$199,999	3.10%	5.30%	3.6%	5.3%
\$200,000 or more	4.10%	6.40%	4.5%	6.2%
Median income (dollars)	\$39,354	\$58,185	\$49,068	\$63,891

Source: 2006-2008 American Community Survey, U.S. Census Bureau

As **Table 9** describes, the income of residents (households and families) was significantly lower within the city limits than the county as a whole.

It is useful to note that both household and family incomes increased by 26% and 38% respectively between 2000 and 2006, as illustrated in **Table 10**.

**Table 10: Median Household and Family Income, New Hanover County and City of Wilmington**

	2000 Census		2006-2008 Estimates	
	Median Household Income	Median Family income	Median Household Income	Median Family income
Wilmington city	\$31,099	\$41,891	\$39,354	\$58,185
New Hanover County	\$40,172	\$50,861	49,068	63,891
	% Change 2000-2008 (Median Household Income)		% Change 2000-2008 Median Family Income	
Wilmington city	26.5%		38.9%	
New Hanover County	22.1%		25.6%	

Sources: 2006-2008 American Community Survey, & 2000 Census U.S. Census Bureau

\* New Hanover County figures include the beaches

**Note:** Per the Census, “household” consists of all the people who occupy a housing unit. A house, an apartment or other group of rooms, or a single room, is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters; that is, when the occupants do not live and eat with any other persons in the structure and there is direct access from the outside or through a common hall. “Family” refers to A family is a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family. <sup>6</sup>

### Poverty

Almost twenty percent (19.8%) of adults in Wilmington live below the poverty level, compared to 13.7% in New Hanover County. In Wilmington, 22.7% of all families with children under the age of 18 live below the poverty level, compared to 14.7% of families with children in New Hanover County. Note that in both the city and the County, the percent of female-headed households (i.e., no husband present) living under the poverty level was higher than that of married couple families. In Wilmington, 48.5% single female households with children live below the poverty level; the figure is slightly lower for the County, 37.6%. The Decennial Census provides more detailed information on income and poverty by location. Though these data are older than the ACS data, it provides insight regarding the locations and poverty levels throughout the county, by municipality.

**Table 11: Median Income and Poverty Levels by Location, 2000 Census**

PLACE	Median Family income	Median Household Income	% of Families Below the Poverty
Wilmington city	41,891	31,099	13.3%
New Hanover County	63,891	49,068	8.3%
<i>Carolina Beach town</i>	<i>44,882</i>	<i>37,662</i>	<i>4.4%</i>
<i>Kure Beach town</i>	<i>55,875</i>	<i>47,143</i>	<i>4.1%</i>
<i>Wrightsville Beach town</i>	<i>71,641</i>	<i>55,903</i>	<i>2.0%</i>

Source: 2000 Census, U.S. Census Bureau

### **Housing Profile**

**Table 12** below illustrates the types of housing that are being built in New Hanover County (excluding the Beaches). As the table illustrates, most of the multi-family housing is located within the City limits and approximately 70% of single family homes are built in the unincorporated County areas. This is logical, as land within the City is scarce, an issue which will be discussed in a subsequent section. However this concentration of building types also tends to concentrate low-income families in specific portions of the County (i.e. within the city limits), since this is where affordable housing is located. This may be unintentional segregation, which, in itself is not a barrier to fair housing. Barriers to fair housing exist when members of a protected class wish to exercise their right to housing choice and are barred from doing so based on their protected status (i.e. ethnicity or gender). Segregation is only a barrier when institutional or societal forces (other than income or personal preference) dictate housing choices.

**Table 12: Residential Building Permits by Type, New Hanover County (2008-2009)**

2009										
	Single Family Home	Avg Value	Single Family Attached	Avg Value	Duplex	Avg Value	Multi-Family Units	Avg Value	Total Units <sup>1</sup>	Avg Value
Unincorporated County Areas	242	\$209,235	32	\$193,502	1	\$56,599	0	--	293	\$196,935
City of Wilmington	77	\$329,076	1	\$275,598	0	--	4	\$36,250	96	\$273,904
2008										
	Single Family Home	Avg Value	Single Family Attached	Avg Value	Duplex	Avg Value	Multi-Family Units <sup>2</sup>	Avg Value	Total Units <sup>1</sup>	Avg Value
Unincorporated County Areas	304	\$258,779	78	\$222,751	48	\$89,743		\$216,000	455	\$222,861
City of Wilmington	158	\$355,794	102	\$148,828	20	\$135,380		\$125,000	285	\$260,156

**Source:** New Hanover County Planning Department

1. Total units includes duplex and mobile home units not shown in the chart.

2. "Multi-Family Units described" as "Single Family Attached" in 2008 data.

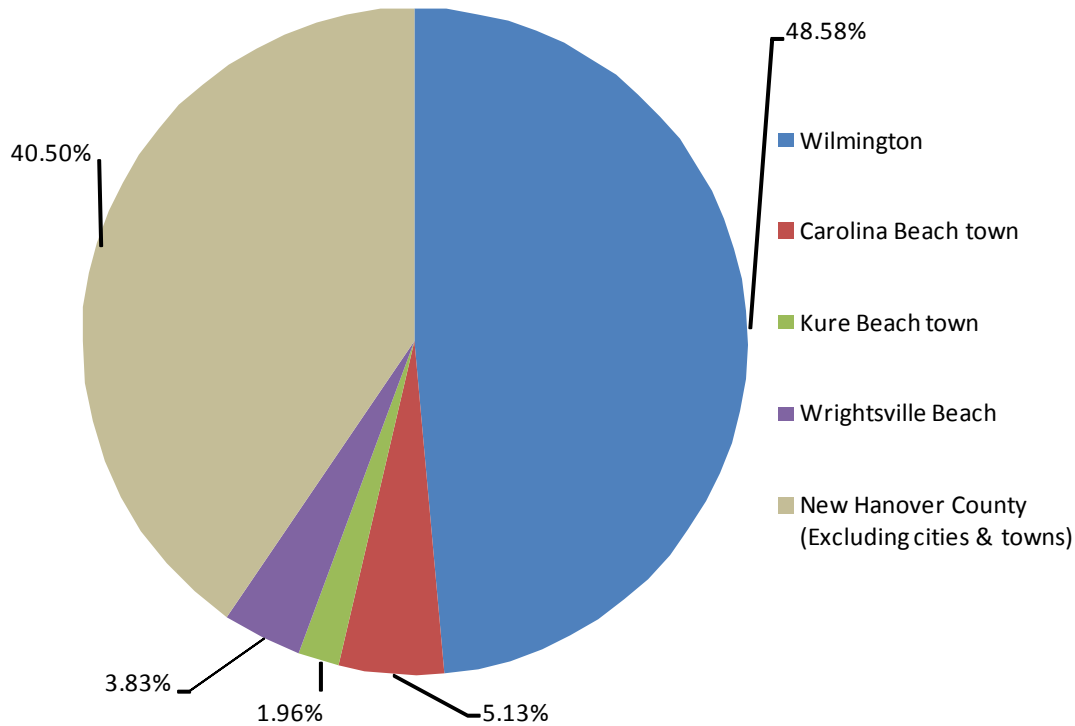
**Note:** The 2006-2008 ACS provides valuable information on current conditions; the 2000 Census data provides more comprehensive data on the relationship between housing, race and income. Though this information is roughly nine (9) years old, it provides invaluable information regarding the availability of housing within New Hanover County and Wilmington, and therefore will be utilized in the tables below.



### Housing Tenure

The 2000 Census provides specific information regarding the types of units available in both the city and county (including information on vacant units). As illustrated in **Figure 1** and **Table 13**, most of the housing (48.6%) in New Hanover County is located in the City of Wilmington. (This figure includes both vacant and occupied housing units.)

**Figure 1: New Hanover County Total Housing Units**



Source: 2000 Census, U.S. Bureau

**Table 13: New Hanover County Housing Units, 2000 Census**

	Occupied Housing Units		Vacant Housing Units		Total Housing Units
	Number	% of Total Units	Number	% of Total Units	
<b>New Hanover County</b>	68,183	85.6%	11,433	14.4%	79,616
<i>Wilmington</i>	34,359	88.8%	4,319	5.4%	38,678
Carolina Beach town	2,296	56.2%	1,790	2.2%	4,086
Kure Beach town	723	46.3%	837	1.1%	1,560
Wrightsville Beach	1,275	41.8%	1,775	2.2%	3,050
<b>New Hanover County (Excluding cities &amp; towns)</b>	29,530	91.6%	2,712	8.4%	32,242

Source: 2000 Census, U.S. Bureau

**Table 13** describes the availability of housing units and occupancy rates in New Hanover County and the City of Wilmington as of the 2000 Census. The table shows that the county as a whole has a vacancy rate of approximately 14%. However, once the City of Wilmington (with a 5% vacancy rate) and the beach towns are eliminated, the total vacancy for the county is 8.4%.

**Table 14: Status of Occupied Units in New Hanover County, 2000 Census**

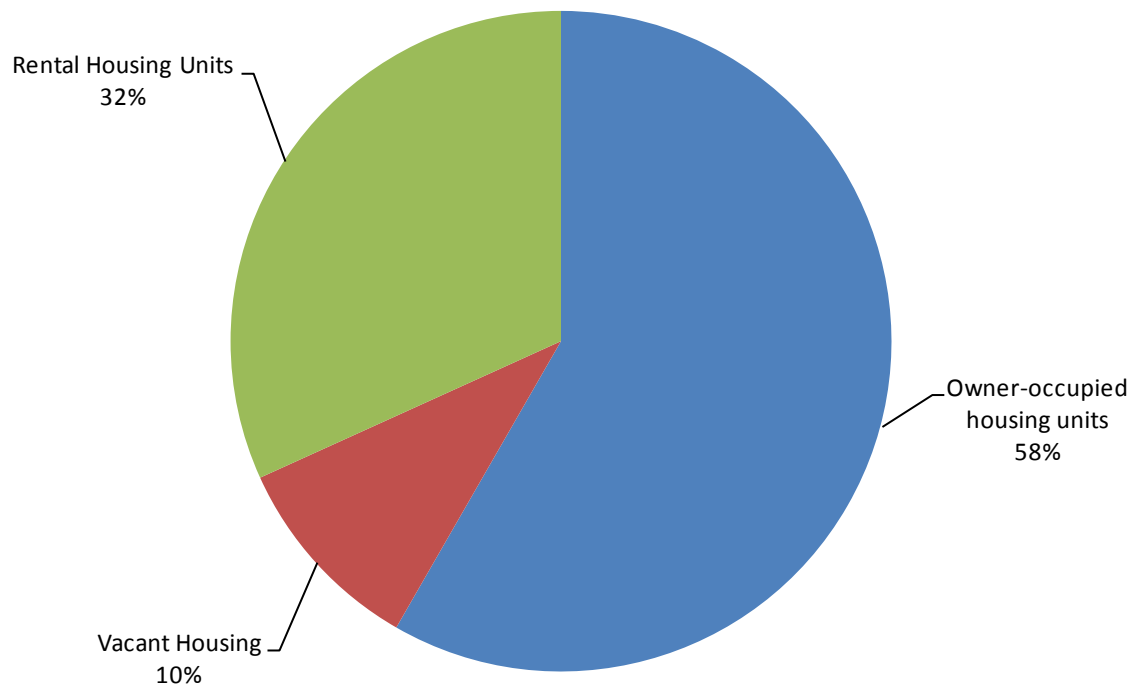
	Owner-occupied housing		Renter-occupied		Occupied housing units
	Number	% of Total Occupied Units	Number	% of Total Occupied Units	
<b>New Hanover County</b>	44,109	64.7%	24,074	35.3%	68,183
<i>Wilmington</i>	<i>16,702</i>	<i>48.6%</i>	<i>17,657</i>	<i>51.4%</i>	<i>34,359</i>
Carolina Beach town	1,509	65.7%	787	34.3%	2,296
Kure Beach town	550	76.1%	173	23.9%	723
Wrightsville Beach	701	55.0%	574	45.0%	1,275
<b>New Hanover County (Excluding cities &amp; towns)</b>	24,647	83.5%	4,883	16.5%	29,530

Source: 2000 Census, U.S. Bureau

As shown in **Table 14** once the housing in the City of Wilmington and the Beaches are removed, just 16.5% of all occupied housing in New Hanover County is rental property. In the City of Wilmington, 51.4% of all occupied housing is renter occupied. These figures may be significant if there are indications of barriers to obtaining housing in the unincorporated areas of the County. According to the City of Wilmington Consolidated plan, “rental housing for those living in poverty (with or without special needs) is the most important housing need in Wilmington. Lack of available rental units within the County could prove to be a barrier to families within the County if that lack is due to institutional patterns of discrimination”.

**Figure 2** indicates that most of the housing (58%) in unincorporated New Hanover County is owner-occupied.

**Figure 2: Housing Tenure: City of Wilmington and Unincorporated New Hanover County, 2000 Census**



Source: 2000 Census, U.S. Bureau

**Table 15** notes that the amount of renter-occupied housing is slightly less in the 2006-2008 estimate than in the 2000 Census data (49.4% compared to 51.4%).

**Table 15: Housing Tenure, 2006-2008 Estimates**

	Owner-occupied housing units		Renter-occupied housing units		Occupied housing units
	Number	% of Total Occupied Units	Number	% of Total Occupied Units	
<b>New Hanover County</b>	51,627	62.8%	30,530	37.2%	82,157
<b>Wilmington</b>	22,659	50.6%	22,161	49.4%	44,820

Source: 2006-2008 American Community Survey, U.S. Census Bureau

**Table 16** describes the age of housing stock within New Hanover County and the City of Wilmington (note that this table *does* include the beaches). As illustrated in the table, housing in low to moderate income levels within the city limits tends to be older than housing located in the unincorporated county and beach areas. A concentration of

older housing may also indicate the location of housing problems, including substandard housing, and overcrowding.

**Table 16: Age of Housing Stock in New Hanover County/ Wilmington**

Tract Income Level	Median House Age (Years)	Inside Principal City?
Moderate	61	City
Moderate	61	City
Moderate	56	City
Low	55	City
Low	54	City
Low	53	City
Low	53	City
Moderate	48	City
Moderate	48	City
Upper	46	City
Moderate	34	City
Upper	26	City
Middle	23	City
Moderate	22	City
Middle	22	City
Middle	22	City
Upper	21	City
Upper	20	County Only
Middle	20	City
Moderate	19	City
Moderate	18	City
Middle	17	County Only
Middle	16	City
Upper	14	City
Middle	14	City
Upper	13	City
Middle	11	City
Upper	9	County Only
Middle	8	County Only
Upper	6	City
Upper	5	City
Middle	4	County Only

**Source:** Federal Financial Institutions Examination Council; [www.ffiec.gov](http://www.ffiec.gov), Accessed 1/5/10

### Location of Housing Units

**Table 17** provides information about the availability of housing stock by income. First, very little housing stock is available in low-income areas. The demographic information indicates that low-income families entirely within the City limits, not in any of the outlying areas of the county. However census block information indicates that there are

families living below the poverty level in these outlying areas. Therefore, it can be assumed that there is limited housing available for low- to moderate-income families in these outlying areas. There appears to be a need for low- to moderate-income housing within the county, *outside* of city/ town limits. (Income levels are defined by the federal government regulations regarding the Home Mortgage Disclosure Act and the Community Reinvestment Act.)

**Table 17: Population & Location of Housing Units by Income Level, 2000 Census**

	% of Total Population	% of Total Housing Units
<b>New Hanover County*</b>		
Low	0.0%	0.0%
Moderate	0.0%	0.0%
Middle	7.5%	20.3%
Upper	17.9%	9.4%
<b>Total County</b>	<b>26.1%</b>	<b>29.8%</b>
<b>Wilmington</b>		
Low	18.6%	5.6%
Moderate	26.9%	18.9%
Middle	5.6%	24.0%
Upper	23.5%	21.7%
<b>Total Wilmington</b>	<b>73.9%</b>	<b>70.2%</b>

**Source:** Federal Financial Institutions Examination Council; [www.ffiec.gov](http://www.ffiec.gov), Accessed 1/5/10

\* Excludes the City of Wilmington, includes Beach towns

Less than 6% of all housing units in the city and county are located in low-income areas, but 18.6% of the population lives in those areas. Nine percent (9%) of all housing units are located in upper income areas of New Hanover County, but 17.9% of the population lives in those areas. Twenty-four percent (24%) of all housing units in the city and county are located in “middle income” areas within the city limits; just 5.6% of the population is designated as “middle income.” Large differences between the availability of housing at a given income level and the number of people living in that income level are noteworthy because they may indicate disparities or barriers to housing. It appears that, based on these figures, low-income housing is available in the City of Wilmington, and lacking in beaches and unincorporated areas of New Hanover County. Furthermore, they may give a jurisdiction an indication of where to focus housing or housing related efforts.

As **Table 17** illustrates, 56% of the housing available in low-income areas is rental housing. (Thirty percent is owner-occupied, and the rest are vacant units.) Due to the small number of owner-occupied housing units in low-income areas, there may be little opportunity for home-buying for the residents of these communities. By comparison, there are significantly more owner-occupied housing units in middle and upper income areas, which may provide more opportunity for home buying to these residents.

**Table 18: Income & Housing Availability by Type, 2000 Census**

	Renter-Occupied Units	Owner-Occupied Units	Vacant Housing Units
<b>New Hanover County*</b>			
Low	0.0%	0.0%	0.0%
Moderate	0.0%	0.0%	0.0%
Middle	15.3%	61.9%	22.8%
Upper	13.0%	55.1%	31.9%
<b>Total County</b>	<b>14.6%</b>	<b>59.7%</b>	<b>25.7%</b>
<b>Wilmington</b>			
Low	56.1%	30.8%	13.1%
Moderate	57.2%	31.3%	11.5%
Middle	28.7%	63.0%	8.3%
Upper	23.4%	68.3%	8.3%
<b>Total Wilmington</b>	<b>36.9%</b>	<b>53.6%</b>	<b>9.6%</b>

Source: Federal Financial Institutions Examination Council; [www.ffiec.gov](http://www.ffiec.gov), 1/5/10

\* Excludes the City of Wilmington

### Cost of Housing/ Housing Affordability

The generally accepted definition of affordability is for a household to pay no more than 30% of its annual income on housing. Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.<sup>7</sup> The National Low-income Housing Coalition develops an annual report called “*Out of Reach*”, which describes the cost of housing in various areas throughout the country and how much the typical family must earn to afford housing. The results of the 2009 study are described below.



HUD describes fair market rent (FMR) for an area as the amount that would be needed to pay the gross rent (shelter rent plus utilities) of privately owned, decent, and safe rental housing of a modest (non-luxury) nature with suitable amenities. HUD describes the FMR for a two bedroom apartment in North Carolina as \$693. The FMR for the same apartment in New Hanover County and the Wilmington Metropolitan Statistical Area (MSA) is \$787.

The chart below describes the status of housing affordability per the *Out of Reach* report.

**Table 19: Housing Costs and Affordability, 2009**

	Fair Market Rent	Hourly wage necessary to afford FMR	% Change since 2000	Estimated mean renter wage	Income needed to afford FMR	Estimated renter median income	Estimated percent of renters unable to afford FMR
North Carolina	\$693	\$13.33	27%	\$12.62	\$27,736	\$32,082	43%
Wilmington HMFA	\$787	\$15.13	32%	\$10.33	\$31,480	\$29,309	53%
New Hanover County	\$787	\$15.13	32%	\$10.49	\$31,480	\$29,476	52%

*Source: National Low-income Housing Coalition*

*\* All figures based on fair market rent for a 2 bedroom apartment*

The *Out of Reach* data indicates the following:

- A renter household in New Hanover County or the Wilmington area needs to earn \$15.13 per hour to afford a two-bedroom apartment; the mean renter wages for Wilmington and New Hanover County are \$10.33 and \$10.49, respectively
- The hourly wage necessary to afford fair market rent has increased by 32% in the Wilmington/ New Hanover County area since 2000
- Between 52% and 53% of renters in the Wilmington/ New Hanover County area cannot afford fair market rent

Furthermore, the North Carolina Association of Realtors provides the following information regarding the average cost of existing homes (the cost of newly constructed homes is not considered). Note that the Wilmington Multiple Listing Service area includes: Pender, Brunswick County, New Hanover, Columbus, Bladen, Duplin, Sampson, and Onslow counties. Though these data cannot be specifically applied to

New Hanover County or the City of Wilmington, it *does* indicate the cost of housing in the area.

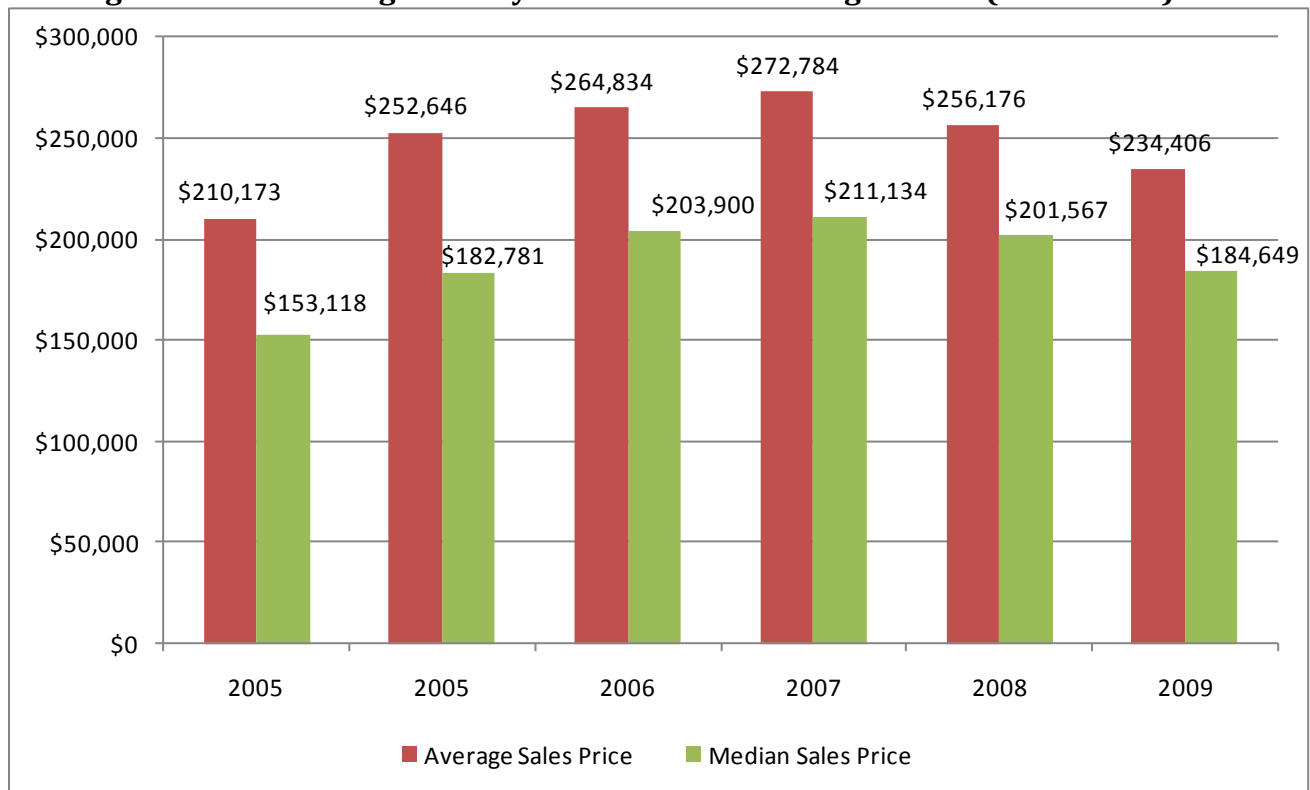
**Table 20: Sales of Single Family Homes in the Wilmington MLS (2005-2009)**

Year Ended	Total Units Sold	Average Sales Price	Median Sales Price
2005	7,978	\$210,173	\$153,118
2005	9,347	\$252,646	\$182,781
2006	7,832	\$264,834	\$203,900
2007	6,488	\$272,784	\$211,134
2008	4,694	\$256,176	\$201,567
2009	4,308	\$234,406	\$184,649
<b>2005 - 2009</b>		<b>Avg. Sales Price</b>	<b>Median Sales Price</b>
		<b>\$248,503</b>	<b>\$193,108</b>

**Source:** Wilmington Regional Association of Realtors;

<http://www.wrar.com/LocalArea/StatisticalReports/statisticalreport.htm>, Accessed 2/28/10

**Figure 3: Sales of Single Family Homes in the Wilmington MLS (2005-2009)**



**Source:** Wilmington Regional Association of Realtors;

<http://www.wrar.com/LocalArea/StatisticalReports/statisticalreport.htm>, Accessed 2/28/10

## **SECTION IV: EVALUATION OF JURISDICTION'S CURRENT FAIR HOUSING LEGAL STATUS**

Until 2009, the New Hanover Human Relations Commission was the entity responsible for enforcing fair housing laws and fair employment laws in New Hanover County (and the City of Wilmington). In July 2009, the county eliminated the Human Relations Commission, turning over its investigation functions to HUD offices in Atlanta.

Neither county nor city officials are aware of any legal challenges filed against New Hanover County or the City of Wilmington with regards to fair housing violations.

KWA was unable to obtain any information about the number or types of complaints filed with the former Human Relations Commission since the last AIs were completed for the city and county. The complaint process, as described in the 2008 Annual Fair Housing Report, is as follows:

*Anyone who believes he or she has experienced housing discrimination or that a discriminatory housing practice is about to occur may file a complaint or may have a complaint filed on his or her behalf by someone else, such as a parent, child, spouse, or guardian. HUD accepts complaints in person, by telephone, through the mail, or via the Internet. Once a complaint is filed, HUD determines if it meets minimal jurisdictional standards... If the complaint is jurisdictional, the person who filed the complaint signs the complaint, and HUD sends a copy of the complaint to the respondent (the person or entity against whom the complaint is made).*

*At no cost to the complainant, HUD begins an investigation to determine if there is reasonable cause to believe that a discriminatory housing practice has occurred or is about to occur... From the time of the filing of a complaint, HUD works with all parties to resolve the case through conciliation, as required by the Fair Housing Act. HUD will attempt conciliation until a complaint is dismissed or a charge of discrimination is issued...Any agreement must be signed by the parties and HUD... Throughout the conciliation process, HUD continues to investigate the complaint. If HUD is unable to conciliate the complaint, it determines whether there is reasonable cause to believe that a discriminatory housing practice has occurred or is about to occur. If HUD finds no*

*reasonable cause to believe that a discriminatory housing practice has occurred or is about to occur, the complaint is dismissed. In that case, the complainant retains the right to pursue the matter through private litigation.*

*If HUD finds reasonable cause to believe that a discriminatory housing practice has occurred or is about to occur, it issues a charge of discrimination. The parties then may choose to pursue the matter before a HUD administrative law judge (ALJ) or in a U.S. district court.<sup>8</sup>*

KWA requested information from HUD through the Freedom of Information Act regarding any actions that may have been taken in New Hanover County and/ or the City of Wilmington. KWA requested that HUD provide the following information regarding complaints filed from January 1, 2006 through September 1, 2009:

- the basis of any complaints,
- the status of those complaints,
- the demographics of the complainants, and
- what determination was made, if any.

**Figure 4** was provided by HUD:

**Figure 4: Cases Filed with US Dept of HUD, 1/1/06 – 9/1/09**

New Hanover County					
Bases	Administrative Closure	Conciliated/ Settled	No Cause	Open	Total
Race	2	3	4	2	11
National Origin	0	3	2	2	7
Religion		0	1	0	1
Sex	0	0	3	0	3
Disability	0	6	4	3	13
Familial Status	0	1	0	0	1
Retaliation	0	0	0	1	1
<b>Total Cases</b>	<b>2</b>	<b>13</b>	<b>10</b>	<b>7</b>	<b>32</b>
City of Wilmington					
Bases	Administrative Closure	Conciliated/ Settled	No Cause	Open	Total
Race	2	2	4	2	10
National Origin	0	2	2	2	6
Religion	0	0	1	0	1
Sex	0	0	3	0	3
Disability	0	5	4	3	12
Familial Status	0	1	0	0	1
Retaliation	0	0	0	1	1
<b>Total Cases</b>	<b>2</b>	<b>10</b>	<b>10</b>	<b>7</b>	<b>29</b>

**Source:** US Department of Housing and Urban Development

**Note:** Allegations of discrimination may have multiple "bases," therefore the total number of cases may not equal the total causes.

*Based on the information provided by HUD, it appears that most of the complaints filed within New Hanover County were filed within the Wilmington City limits. Largely, the complaints were found to have no cause or conciliated or settled between the parties. As described in the table, the City of Wilmington and New Hanover County had eight (8) complaints under investigation (open) as of September 1, 2009.*

## **SECTION V: IDENTIFICATION OF IMPEDIMENTS TO FAIR HOUSING CHOICE – PUBLIC SECTOR**

The policies, procedures, and practices of City or County departments, the codes that govern those departments and the decisions of city boards and councils, impact fair housing goals – sometimes directly, but often indirectly. This section of the fair housing impediment analysis assesses how the City of Wilmington and New Hanover County Ordinances may interfere with the furtherance of federal, state or local fair housing legislation.

A fair housing violation does not require a discriminatory intent: A violation can be found even if only a discriminatory impact or burden results. KWA examined local ordinances and regulations to identify potential barriers to fair housing.

### **A. Fair Housing Ordinance**

The City of Wilmington does not have a Fair Housing Ordinance and relied instead on the New Hanover County Fair Housing Ordinance, "Prohibition of Discrimination in Housing." However, this ordinance was deleted from the New Hanover County Code of Ordinances as of June 22, 2009; *neither the county nor the city has a local fair housing ordinance*. Both the city and county are subject to both state and Federal laws governing fair housing and housing discrimination. North Carolina's Fair Housing Act (1983, c. 522, s. 1) is enforced by the North Carolina Human Relations Commission and makes it illegal to discriminate in housing because of race, color, religion, sex, national origin, physical or mental handicaps, or family status.

According to the *Wilmington Star News*, once the New Hanover County Human Relations Commission was dismantled, its director moved to the public relations area within the county, where one of his responsibilities would be to direct complaints of discrimination to the appropriate government agency. The county website directs those wishing to file housing discrimination complaints to the HUD regional offices in Atlanta, Georgia. HUD has a field office located in Greensboro, North Carolina.

The lack of city and county ordinance governing fair housing is not, in itself, an impediment to fair housing, since both the city and county are subject to state and Federal regulations. However, if citizens of the city or county are not *aware* of their rights under state and federal laws and are unsure of where to file complaints, however, it is possible that fair housing violations will go unreported. **Therefore, the lack of ordinance and subsequent enforcement agency *could* present an impediment to fair housing.**

## **B. Zoning Ordinances**

Zoning is a means of insuring that land uses of a community are “compatible,” i.e. properly situated in relation to one another. Land uses, e.g. residential, commercial, industrial, etc. are separated into use districts or “zones” and are further regulated by density controls. The density controls are usually implemented by imposing “minimum” building lot sizes.

The Fair Housing Act prohibits jurisdictions from making zoning or land use decisions implementing land use policies that exclude or otherwise discriminate against protected persons. The Act makes it unlawful to utilize land use policies or actions that treat groups of persons with disabilities less favorably than groups of non-disabled persons, to take action against or deny a permit for a home because of the disability of individuals who live or would live there, and to refuse to make reasonable accommodations in land use and zoning policies and procedures where such accommodations maybe necessary to afford persons or groups of persons with disabilities an equal opportunity to use and enjoy housing.

New Hanover County issues all building permits in the City of Wilmington. The City Zoning Section must approve building permit applications within city limits prior to their issuance.<sup>9</sup>

Representatives from the County Planning & Inspection Department are not aware of either complaints or violations made to the zoning department with regards to fair housing since the last AIs were completed.

“Group homes,” as they are referred, are permitted with prescribed conditions but do not require conditional permits. “Group homes” are permitted in single-family districts. “Residential group homes” are not permitted in single-family districts; they require special-use permits and are also required to be separated by at least mile from other group homes.

The ordinance separates supportive group homes into small, medium and large categories, and meet a half-mile separation requirement.<sup>10</sup> According to the city staff, these regulations are currently under review again.

Advocates for the handicapped feel that the separation requirement limits the amount of housing available for the handicapped population in Wilmington. Additionally, they feel that in limiting the number of non-related people that may live in a household (group home setting), they hinder the recovery of disabled people who may choose to live together to assist one another. Based on a review of the county’s zoning ordinance and zoning maps, it does not appear that the zoning ordinance directly impedes fair housing within the city or county. However, there are many factors within the Zoning ordinance (discussed below) that could affect housing availability throughout the County.

### Land Use

Both New Hanover County and the City of Wilmington have land use plans or policies, which govern land use and development in their jurisdictions. Several aspects of each jurisdiction’s land use plan affect housing in New Hanover County; they are further discussed below.

The Wilmington City Council adopted its *Future Land Use Plan* (FLUP) in September 2004. That document indicates that the scarcity of land and rising land costs make building affordable housing very difficult within the city. At the time the FLUP was developed, the city was approximately 90% built out. Land for new developments, is scarce.

A voluntary density bonus program was implemented to encourage the development of affordable housing in return for increased density. Density bonus ordinances generally



permit developers to increase the number of units allowed on a piece of property if they agree to restrict the rents or sales prices on some of the units.<sup>11</sup> However, as a voluntary program, there is no requirement for developments to include affordable housing and the program has not been successful in this area.<sup>12</sup> In 2009, the Exceptional Design Zoning District (EDZD) was adopted in New Hanover County. The intent of the EDZD is to provide developers with voluntary design flexibility that awards points for incorporating sustainable options. One of those options is the integration of 15% of the total number of units as affordable rental or sale opportunities for households below the area median income.

### Historic Preservation

The City of Wilmington has seven historic districts listed on the National Register of Historic Places and five local historic districts: the Theatre Historic District, the Residential Historic District, the Downtown Commercial Historic District, the Carolina Heights/Winoca Terrace Historic District, and the Market Street Mansion National Historic District. Combined, the local and national historic districts cover 2.8 square miles (approximately two blocks). Map G of Appendix I shows the historic districts within the city.

One of the objectives of historic preservation is to maintain and protect the architecture and style of the buildings and neighborhoods in the designated districts. The districts require specific standards for maintenance, and additional requirements for additions and new construction projects. For example, in some cases, dilapidated doors and windows may not be replaced but instead, must be repaired to maintain the historic nature of the building. Based on previous AIs performed by both the City of Wilmington and New Hanover County, there is a perception among housing providers and practitioners that the design guidelines and maintenance requirements may make it difficult and unprofitable to build affordable housing in those areas.

The City of Wilmington has attempted to address this issue by offering low interest loans for both small home repairs and larger home rehabilitation projects.

The revitalization and preservation of the downtown area may have raised the cost of housing, thereby pushing both low-income and minority residents to other areas of the city (i.e. gentrification). However, this information will not be available until the next Census<sup>13</sup>.

Rehabilitation of homes in the historic districts does not prevent preservation, but can add additional costs. The city's community development division provides grants to assist with historic preservation costs as part of the housing rehabilitation program. The city encourages the development of affordable housing in the historic districts, and has conducted a design competition for innovative designs in the districts, using affordable materials. The city assists with the preservation of historic structures by providing grants for the improvement of single-family homes. The amount of the grant covers the difference between the cost of regular rehabilitation of the home, and rehabilitation in compliance with historic district requirements.

### **C. Building Codes**

There are generally two categories of codes usually imposed at the state or local level that pertain to buildings. These two categories cover: a) building construction, and b) building maintenance and use. Both are applicable in New Hanover County. As for building construction, the County locally enforces the North Carolina State Building Code, which covers such items as structural stability, electrical, plumbing, mechanical, energy conservation, and some specialty items in certain circumstances.

The City of Wilmington largely enforces the minimum housing code within New Hanover County. New Hanover County does not have a minimum housing code, though it is a goal of the community development division of the planning and inspections department. The minimum housing code is intended to ensure the safety and structural well being of all residential buildings.

One city staff person described the minimum housing process as an impediment to fair housing since dilapidated buildings are torn down rather than rehabilitated and converted to affordable housing.

Practitioners, including affordable housing providers, mentioned that government regulation, including building standards and land use regulations, affect the ability of developers to provide affordable housing. However, in the practitioners luncheon (described below), they seemed to concur that the cost of land drives the cost of building and providing housing. The cost of building land in a coastal resort town affects the availability of housing, or there is a distinct perception of this idea.

#### **D. County and Municipal Services**

New Hanover County provides health and human services, including building inspections, social services, and public schools, while the City of Wilmington provides traditional municipal services, e.g., water, sewer, trash collection, etc. Public water and sewer services within the county are provided by the Cape Public Utility Authority. Both the city and county provide planning, law enforcement, fire protection and recreation. **Based on a review of the service areas of municipal services, there do not appear to be any identifiable inequities in the provision of county services in New Hanover County that impede fair housing choice.**

#### **E. Transportation**

Public transit information is important to the analysis of impediments to fair housing, as access to public transit is of paramount importance to households affected by low-incomes and rising housing prices. Public transit should link lower income persons, who are often transit dependent, to employment centers. The lack of a relationship between public transit, employment opportunities, and affordable housing may impede fair housing choice because persons who depend on public transit will have limited choices regarding places to live.

Cape Fear Public Transportation Authority (known as WAVE Transit) provides public transportation within New Hanover County. In December 2008, WAVE Transit published its first *Coordinated Human Service Transportation Plan*.<sup>14</sup> The plan, which is required by the federal government, is a coordinated planning process to identify the transportation needs of seniors, people with disabilities and low-income populations,

prioritize those needs and provide strategies to meet them. This plan indicates that WAVE Transit currently provides the following services:

1. Fixed route public transit service in New Hanover County
2. Complementary ADA paratransit services within ¼ mile of fixed routes
3. Brokered paratransit services offered by WAVE Transit throughout the county and to specialized medical facilities in Chapel Hill and Durham.
4. One ADA compliant taxicab
5. A very small number (less than 15) of human service vans or light transit vehicles to provide private and non-profit transportation services.<sup>15</sup>

Furthermore, the plan identified the following needs (as identified by social service providers and local organizations, partial listing):

1. Fixed route bus service needed in Porter's Neck and Scotts Hill [areas] on the New Hanover/Pender County line and fixed route service in other rural areas [of the service areas].
2. Expanded service hours for fixed route buses during the weekdays.
3. Fixed route bus service needed in northern New Hanover County in the Ogden area.
4. Pedestrian safety improvements, such as crosswalks, wheelchair ramps, and sidewalks, needed near bus stops.
5. Fixed route bus service needed for more low-income areas in New Hanover County.
6. Special transportation services needed for victims of domestic violence.
7. More amenities, such as benches and shelters, are needed along fixed bus routes in New Hanover County.
8. Special transportation services needed for initial employment periods for individuals who may not qualify for the New Hanover County Work First Program.
9. Low-income individuals need low cost or free transportation service.<sup>16</sup>

The transit map in the Appendix indicates the regular bus routes and shuttles provided by WAVE Transit. WAVE Transit appears to provide service within the city, including between housing and business (employment) centers such as Independence Mall and the downtown area. However, there also appears to be outlying areas within the County with no public transit available. A lack of transportation in these areas makes

them inaccessible to low-income and elderly citizens who may depend on public transit. **This lack of public transportation service to outlying areas is a barrier to housing in those areas.**

#### **F. Public Housing**

Wilmington Housing Authority (WHA) is the local agency that provides public housing for New Hanover County. According to WHA, there are approximately 1,423 public housing units in New Hanover County; approximately 1,071 people are on the waiting list to be placed in public housing. Additionally, WHA operates the Section 8 rental voucher program and as of December 2009, there were 414 people on the waiting list to receive vouchers.

**Table 21: Wilmington Housing Authority Properties and Occupancy Status**

<b>Public Housing Units</b>	<b># of Units</b>	<b>Units Occupied on 1/4/10</b>
Charles T. Nesbitt Courts	261	0
Creekwood South	198	160
Dr. W. Houston Moore	150	133
Eastbrook	32	0
Glover Plaza	75	75
Harry M. Solomon Towers	151	147
Hillcrest	216	208
Hillcrest Elderly Annex	40	39
Rankin Place Terrace	80	73
Robert L. Taylor Senior Homes	96	91
Robert S. Jervay	60	60
Robert S. Jervay - Covil	14	12
Robert S. Jervay - Elderly	20	20
Robert S. Jervay - Water Tower	6	6
The Pointe at Taylor Estates	48	47
Vesta Village	43	40
Woodbridge Apartments	24	24
<b>Total Units</b>	<b>1,514</b>	<b>1,135</b>

*Source: Wilmington Housing Authority*

Note that Nesbitt Courts and Eastbrook developments are 100% vacant. According to WHA, Nesbitt Courts is pending sale at this time and Eastbrook is the subject of a 2010 Low-income Housing Tax Credit application. If funded, Eastbrook would be rebuilt to house 50 senior residents.

The city partners with Housing and Economic Opportunities, Inc., an arm of the WHA, to provide rental housing for extremely low-income elders and low-income families.

According to the Consolidated Plan Housing Needs Table, the highest priority for housing is for ALL households whose incomes are less than 30% of the median income. This includes all categories and individuals: the elderly, people with special needs, families, renters and homeowners. **There is an identified need for *affordable* housing within the City of Wilmington and New Hanover County. Though the lack of housing is not necessarily a fair housing impediment, in the case of Wilmington and New Hanover County, an insufficient supply of affordable housing may disproportionately affect minorities and the elderly and may constitute a barrier to fair housing.**

#### **G. Assessment of Current Fair Housing Programs and Activities**

##### Fair Housing Enforcement

As previously mentioned, the New Hanover County Human Relations Department had been the organization responsible for enforcing fair housing laws for New Hanover County. Currently, there is no local agency charged with enforcing state or federal fair housing regulations. **As previously mentioned, this lack of local enforcement may constitute a barrier to fair housing.**

##### Informational Programs

Previously, the New Hanover Human County Relations Commission Board sponsored workshops, symposiums, and outreach forums related to encouraging fair housing and explain the related rights and responsibilities.

The county has distributed an informational brochure advising citizens of their fair housing rights and whom to contact if they believe they have been discriminated against. This flyer was distributed in both Spanish and English and was distributed by the WHA to its residents. New Hanover County's Planning and Inspections Department has formulated a Fair Housing Plan for 2010 that includes quarterly community outreach activities and is pursuing the feasibility of a minimum housing ordinance. The City of Wilmington has developed a strategic plan<sup>17</sup> that indicates that supporting

affordable housing (not necessarily fair housing) is a strategic initiative of the city. Per this plan, the city seeks to (partial list):

- Provide home ownership opportunities in the city for gainfully employed individuals seeking affordable housing;
- Support efforts to maintain the existing stock of affordable housing within the city through neighborhood revitalization and rehabilitation initiatives;
- Increase in citizen perception of available affordable housing per biennial citizen survey;
- A percentage increase in city-supported programs to provide home ownership opportunities for individuals seeking affordable housing; and
- A percentage increase in number of housing units maintained for occupancy through neighborhood revitalization and rehabilitation initiatives.<sup>18</sup>

Though these initiatives may not relate directly to fair housing, they may impact those populations at risk for housing discrimination (e.g. elderly, minority). These programs and initiatives may therefore provide valuable housing-related information to those populations.

## **SECTION VI: CITIZEN PARTICIPATION: INPUT AND PERCEPTIONS**

This Analysis of Impediments will adhere closely to the citizen participation plan as described in the consolidated plan.

*“The Consolidated Plan establishes a unified, coordinated vision for community development actions for the upcoming five years (2007 through 2012). Key elements of this Consolidated Plan are its emphasis on citizen participation and the collaborative nature of the process. Wilmington uses the input from citizens and its community development partners to determine its housing and community development needs, to develop strategies for addressing those needs and to undertake specific actions consistent with those strategies” (City of Wilmington 2007).*

The consultant engaged in two major activities in order to gather citizen participation: surveying and a practitioners’ luncheon. The results of each activity are detailed below.

### **A. Citizens Survey**

A major component of the citizens’ participation portion of the AI is the citizens survey. This survey, developed by the consultant, in conjunction with representatives from the City of Wilmington and New Hanover County, was intended to gather information from residents about the status of fair housing. The survey was intended to gather general information about citizen’s experiences in obtaining housing, lending, etc. within the City and unincorporated County areas. The survey was not intended to be a statistical sampling of citizens, but rather a snapshot of experiences provided by interested citizens. The survey was distributed between November 2009 and February 2010 through various methods:

1. The city and county both provided the consultant with a listing of its housing and housing-related partners and affiliates. This list consisted of municipal departments within the City and County governments, quasi-governmental agencies, and local non-profits and housing developers, lending officers and those in real estate-related fields. The consultant distributed the survey via e-mail (and hard copy, if



requested) to this list. These individuals were then asked to make the survey available to their clients and interested citizens.

2. City and county staff members were allowed to visit the Department of Social Services as well as the Health Department to solicit surveys.
3. The survey was made available via [www.surveymonkey.com](http://www.surveymonkey.com)

### Citizens Survey Results

The responses to each question can be found in the **Appendix**. The responses below represent the most relevant and noteworthy results of the survey.

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#### **Identify the group which you represent:**

- 80% of the respondents were private citizens; 17% chose not to select a category.

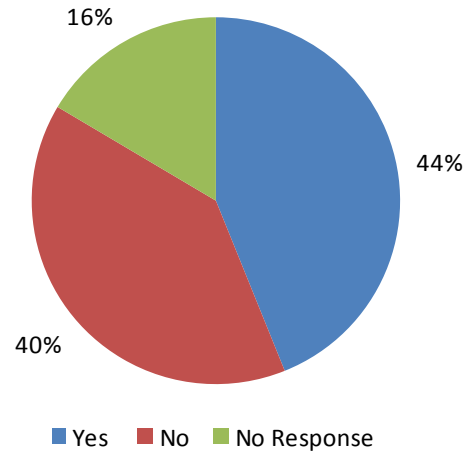
<b>Respondent Type</b>	<b>Response Count</b>	<b>Response Percent</b>
Concerned Private Citizen	129	79%
Non-Profit or Social Service Provider	2	1%
Public/ Government Staff	4	2%
Community Advocate	0	0%
Religious Organization	3	2%
Other	9	5%
No Response	17	10%
<b>Totals</b>	<b>164</b>	<b>100%</b>

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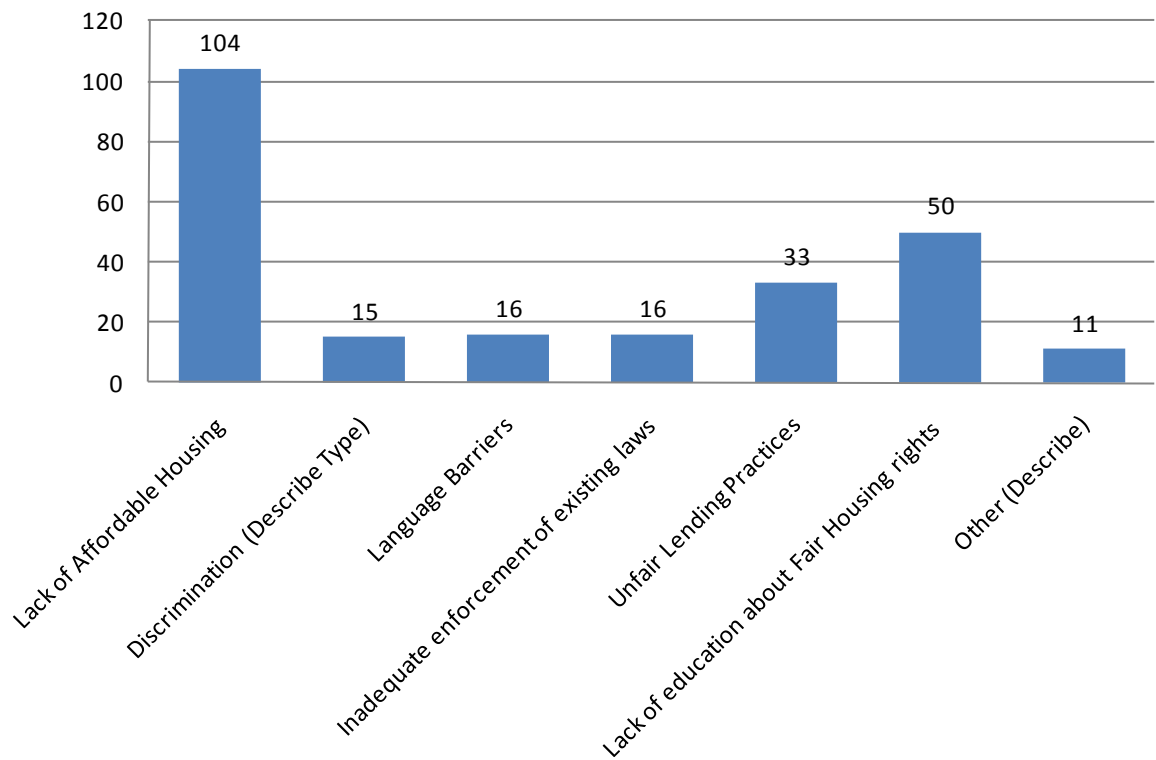
**Do you believe that discrimination in fair housing exists in the City of Wilmington?**

- 44% of respondents feel that discrimination in fair housing exists in the City of Wilmington or unincorporated parts of New Hanover County
- 40% do not feel that discrimination in fair housing exists in the study area
- 16% of respondents did not answer the question



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**What are the biggest obstacles to obtaining affordable housing in the City of Wilmington/ New Hanover County? (Maximum of 3)**



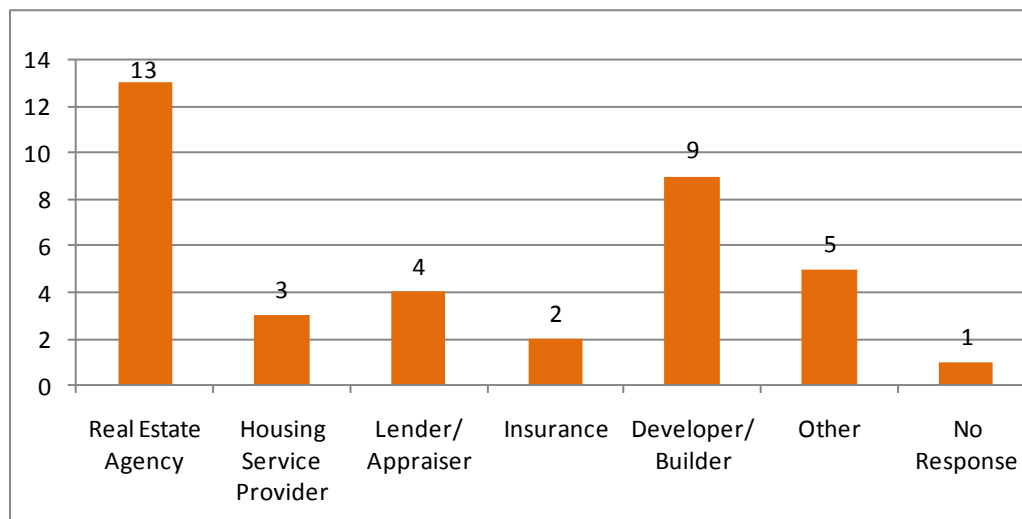
Note that many respondents do not feel that there is discrimination in housing in New Hanover County and the City of Wilmington and many have never experienced discrimination in housing first-hand.

## B. Practitioners Survey

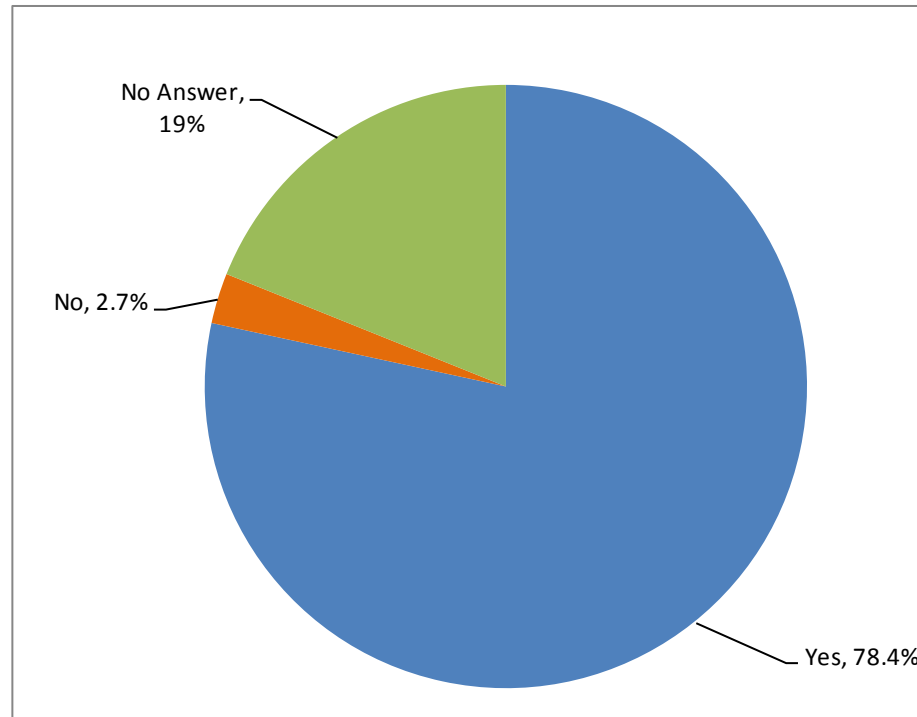
In order to solicit the input of individuals who directly or indirectly provide housing to the public, the consultant distributed a “Practitioners Survey.” This survey was distributed to individuals and organizations involved in real estate, insurance, mortgage lending, and housing industries, in both the public and private sectors. The response rate for the survey was relatively low since it was made available to realtors’ organizations via their membership lists and other organizations via e-mail, fax and internet. The results of the practitioners’ survey are below:

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**Identify the group which you represent:**



**Are you or your organization aware of the basic fair housing requirements?**



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**What are the major problem(s) inhibiting fair housing choice in the City of Wilmington or New Hanover County?**

*(Responses may be repeated by multiple respondents.)*

1. Economic conditions
2. Location of schools within the city and New Hanover County
3. Availability of affordable housing options
4. Landlords and tenants complying with the law
5. Land costs are too high for building homes for lower income segment
6. Owner Managed units seem to have problems (Lack of Knowledge?)
7. High cost of land prohibits low-income housing choices
8. None
9. Down payment assistance
10. Job stability (due to economy)
11. Cost per square foot too high in New Hanover County i.e. market forces promote lower-interest loans through city or county where government wants to increase owner-occupied properties
12. Lack of government funded housing refusal of Sec 8 office to pay HUD approved rents

13. No incentive for landlords to participate in Sec 8 program
14. The allocation of HUD approved rents
15. Management of funds available for housing
16. Neighborhoods are very segregated (black vs. white). This makes it easy to choose not to do business in certain areas
17. I'm not aware of any problems.
18. Cost of real estate in Wilmington prohibits affordable, and therefore, fair housing.
19. Land values
20. Strict loan qualifications and requirements for home loans
21. Availability of affordable housing choices
22. Low-income verses homeownership costs
23. Price- the cost to buy or rent a house exceeds the income level for most working individuals in the City/county, this limits options for those individuals and forces them to live within somewhat geographical constraints, because that is all they can afford
24. Public transportation is not being used widely enough (maybe the routes are not frequent or convenient) so this prohibits people from being able to live all throughout the city/ county, which limits the competition (of available homes to buy or rent and allows the pricing to escalate disproportionately. The result is a very competitive, inexpensive downtown (where people can get around on foot) and not enough competition in the suburban areas

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**What solutions do you think might resolve the problem(s)?**

*(Responses may be repeated by multiple respondents.)*

1. Establish partnerships with builders to construct more affordable homes in their developments.
2. City can waive or lower the impact fees, etc.
3. Develop workforce development programs, increase skills through education & training, Partner with local corporations, manufacturing firms, etc. to implement training programs for low-income individuals
4. Fair employment practices
5. Audit and perform the Section 8 program; Provide adequate funding for the needs of the population Apply for more need based grants
6. Audit and reform of the Section 8 program; Better assessment and reporting of population needs Application for additional funding
7. City/County could make some of the land at closed down housing projects available for redevelopment with low land cost
8. Economic development in black neighborhoods stop allowing open-air drug markets in poor neighborhoods

9. Fair (public) housing will have to be moved outside of New Hanover County to be affordable. I know of 200+ acres in Brunswick that would be perfect for "Fair Housing"
10. Incentives for landlords and sellers to sell or rent at a discounted price. Loan and/or rental assistance programs that target suburban areas. Improvement of public transportation as well as making that information apparent and easily accessible.
11. Is this really a problem? Anyone who can get a loan is going to find an eager pool of sellers. Please focus on realistic affordability for the work force.
12. Make 40 year loans with very low interest rates.
13. More affordable housing
14. More community education on Fair housing regulations
15. Nonprofit land banking

### **C. Practitioners Luncheon**

Despite the low response rate of the practitioners' survey, the valuable input of local housing professionals was captured during a practitioner's luncheon. The luncheon was held on February 26, 2010 and representatives from the mortgage lending, real estate and housing communities were invited to share their experiences and expertise in the area of fair housing in the City of Wilmington and New Hanover County. The perceptions and experiences of the practitioners represent anecdotal evidence of the local formal and informal practices in the public and private sectors. Participants were presented with a brief demographic overview of the New Hanover County/ Wilmington area and basic HMDA data, and then asked to provide their experiences and perceptions regarding fair housing in the area. Below is a synopsis of the comments:

#### Human Relations Commission

- There is no local agency that investigates housing discrimination complaints, but the North Carolina Human Relations Commission still serves the State and complaints can be sent to HUD in Atlanta.
- It is difficult for citizens to be sure to whom discrimination should be reported when there is no local agency
- Language could be a barrier to fair housing for Latino residents, specifically in the areas of advertising and advocacy.

### HMDA Data

- HMDA data shows reasons for denial, but not in correlation with credit scores and income so it is incomplete. (The information cannot be used to show discrepancy in loan dispositions).
- At similar income levels, disposition rates are about the same, indicating that there is no discrepancy in loan origination rates by race or ethnicity.
- The loan dispositions do not show debt to income figures on specific loans. Due to the change in economy, this factor is much more important in loan approvals and denials. *(Similar comments were made regarding the lack of information that the HMDA data shows. Several participants thought that the HMDA data was flawed or presented an inaccurate depiction of loan dispositions.)*
- One practitioner would be interested in learning how the current economy, specifically foreclosure rates, affected fair housing.

### Lack of Affordable Housing

- There is a lack of affordable housing (both rental and owner-occupied) for all special populations (e.g. low-income, minority, disabled and elderly).
- Land is cheaper inland and it is cheaper to build a comparable house in other cities/counties. Builders charge more for their services here, which increases the cost of housing. *(Participants were interested in information regarding the cost of building housing in this area, compared to other areas).*
- Victims of domestic violence often find it difficult to obtain housing. The issues are similar to those of low-income families.
- The city, county and UNCW have implemented a *10-Year Plan to Eliminate Homelessness*.
- There are ordinances that create restrictions on boarding houses/single bedroom houses and accessory dwellings. *(Practitioners indicated that there are ordinances which specifically prohibit single residence occupancies or SROs. An SRO is a multiple*

*tenant building that houses one or two people in individual rooms (sometimes two rooms, or two rooms with a bathroom or half bathroom), or to the single room dwelling itself<sup>19</sup>. The zoning ordinance makes special requirements for group homes, as described in the previous sections. However, SROs themselves are not specifically prohibited).*

- The city has worked diligently with local non-profits, as well as the state and Federal government to obtain funding to address the issues of affordable and fair housing.
- Hard to find affordable land near bus lines to develop affordable housing.
- The city (or county) could lower development and/or impact fees for builders providing affordable housing. Impact fees add significant cost to building housing.

#### Accessibility (Housing for the Disabled Population)

- Affordable, one-bedroom units lack accessibility.
- Very few houses are rented to people with disabilities.
- Many units that are accessible to people with disabilities are rented to others without disabilities (e.g. college students).
- Subsidy assistance is limited to a certain number (people on the waiting lists have to live with relatives, under bridges).
- There are limits to the number of group homes permitted within a certain area and due to the scarcity of land in the city; this necessarily limits the number of group homes that can be built.
- Land is more plentiful outside of the City limits; however, a lack of public transportation is often an issue.

#### Cost of Living

- The cost of living here is actually higher than indicated in cost-of-living indices indicate, because those indices don't consider differences in salaries/ incomes.

#### Other Issues



- Latino population has a language barrier/ barrier communicating with landlords/difficulty advertising

#### **D. Public Comments**

The draft version of the Analysis was open for public comment for thirty days. During the public comment period, just one comment was received. This response is provided in its entirety, below:

As discussed on the phone, below is our major concern with one specific recommendation contained in the Analysis of Impediments to Fair Housing Choice in the City of Wilmington. Specifically, on page 68, we find the following initiative troubling:

*A. Lack of affordable housing, specifically for disabled and low-income populations*

*Recommended Actions:*

*1. Change the voluntary density bonus a mandatory program within City limits. Developers have no incentive to utilize the outside the City limits, as space is more plentiful. However, within the City limits, the City can require (or encourage through incentives) builders to provide additional units. The City can further strengthen this program by requiring builders to restrict a portion of those units to special populations.*

On behalf of the Wilmington-Cape Fear Home Builders Association, we ask that you remove the recommended action which would change the voluntary density bonus to a mandatory program within city limits. On a national level, our federation opposes this type of mandatory inclusionary zoning practice. Instead of pushing the current non-functioning program to a mandatory program, we recommend consideration of incentives to encourage builder and developer participation. As you can imagine, builders and developers have been challenged by this economy and would certainly not benefit from mandatory inclusionary zoning once the market regains momentum.

We look forward to continuing to discuss this item as it moves through the process.

If you have any questions, please let me know.

Thanks,  
Tyler Newman  
Governmental Affairs Director  
Business Alliance for a Sound Economy

1. In response to this comment, note that the city and county will consider each of the consultant's recommendations and may choose to accept all of, portions of, or none of each recommendation. Each governing body may consider the recommendations but are in no way required to act upon them.

## **SECTION VII: PRIVATE SECTOR LENDING POLICIES AND PRACTICES**

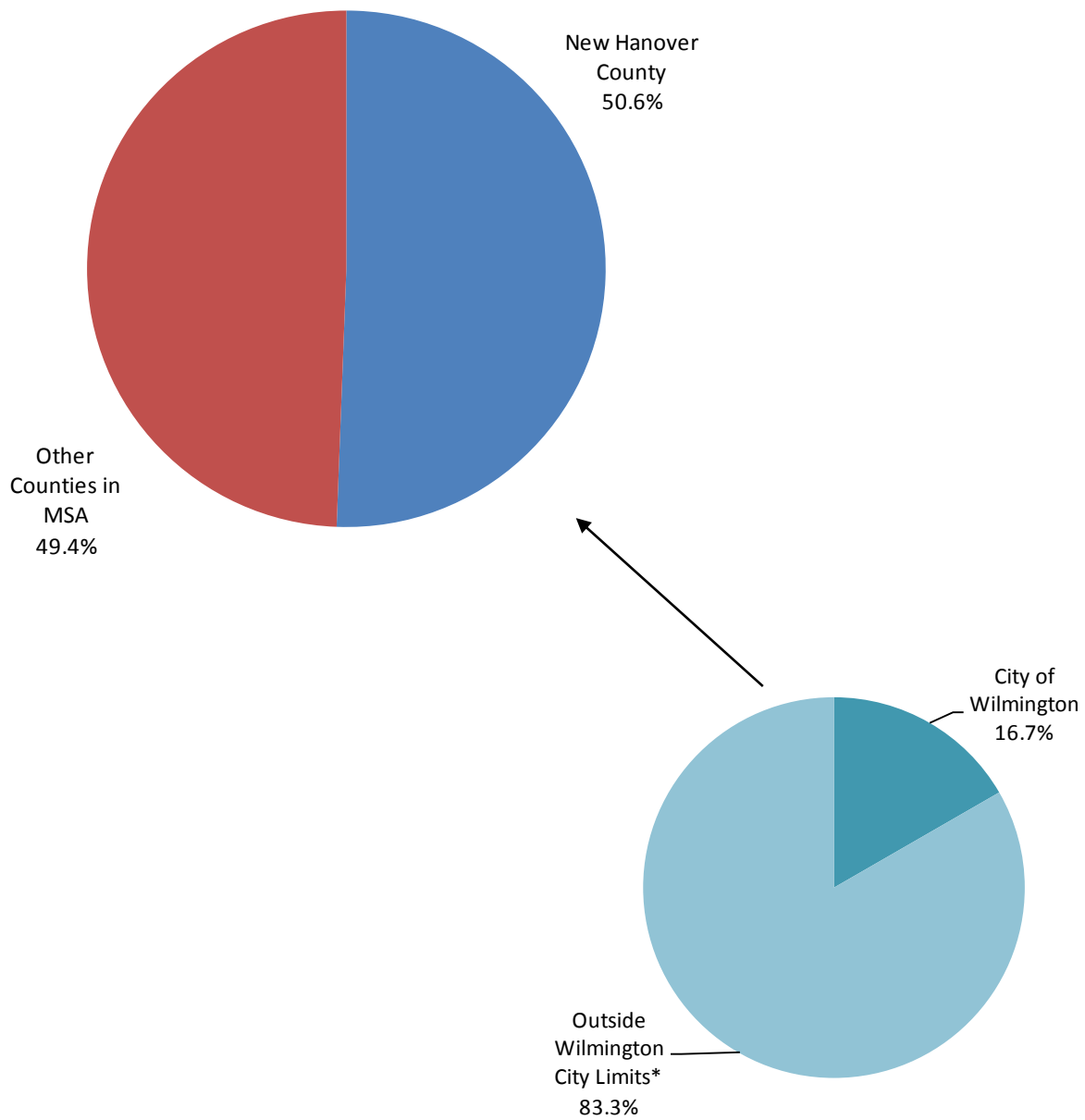
The Federal Financial Institutions Examination Council (FFIEC) oversees the compilation of data from mortgage lenders as required under HMDA. HMDA data is usually compiled on the MSA level; New Hanover County is a part of the Wilmington MSA. Where possible, loan information regarding the City of Wilmington and New Hanover County was extracted from the larger MSA. However, the data represents the total MSA (which also includes both Pender and Brunswick counties, North Carolina), unless otherwise noted. The information reflected in the tables and charts below is for calendar year 2008 and accessed from the FFIEC website at [www.ffiec.gov](http://www.ffiec.gov) during the month of January 2010. It may also be helpful to note the income levels as designated by HUD and the US Census Bureau as described in the chart below:

**Chart 1**

<b>% of MSA Median Family Income</b>	<b>Income Level</b>	<b>Median Family Income Wilmington MSA, 2000 Census</b>
< 50%	Low	\$47,544
Between 50% > 80%	Moderate	
Between 80% > 120%	Middle	
>120%	Upper	

As indicated in **Figure 5** below, half (50.6%) of all conventional loans originated in the MSA were located in New Hanover County. Of those loans, the majority (83.3%) come from outside of the City of Wilmington (i.e. the area that includes the beach towns and unincorporated areas of the county. This is significant to note since the median income of residents within the county and Beach towns is higher than that of residents within the city limits.

**Figure 5: Location of Conventional Loans Originated in 2008 in Wilmington MSA**



\* Represents the beach towns and unincorporated portions of the County

**Table 22: Disposition of Conventional Loan Applications, Wilmington MSA**

	New Hanover County		Total MSA
	Number	% of Total	
Loans Originated	2,238	50.6%	4,423
Application Denied	351	44.4%	790
Application Withdrawn	291	48.3%	602
Approved, Not Accepted	211	47.7%	442
File Closed for Incompleteness	68	38.9%	175

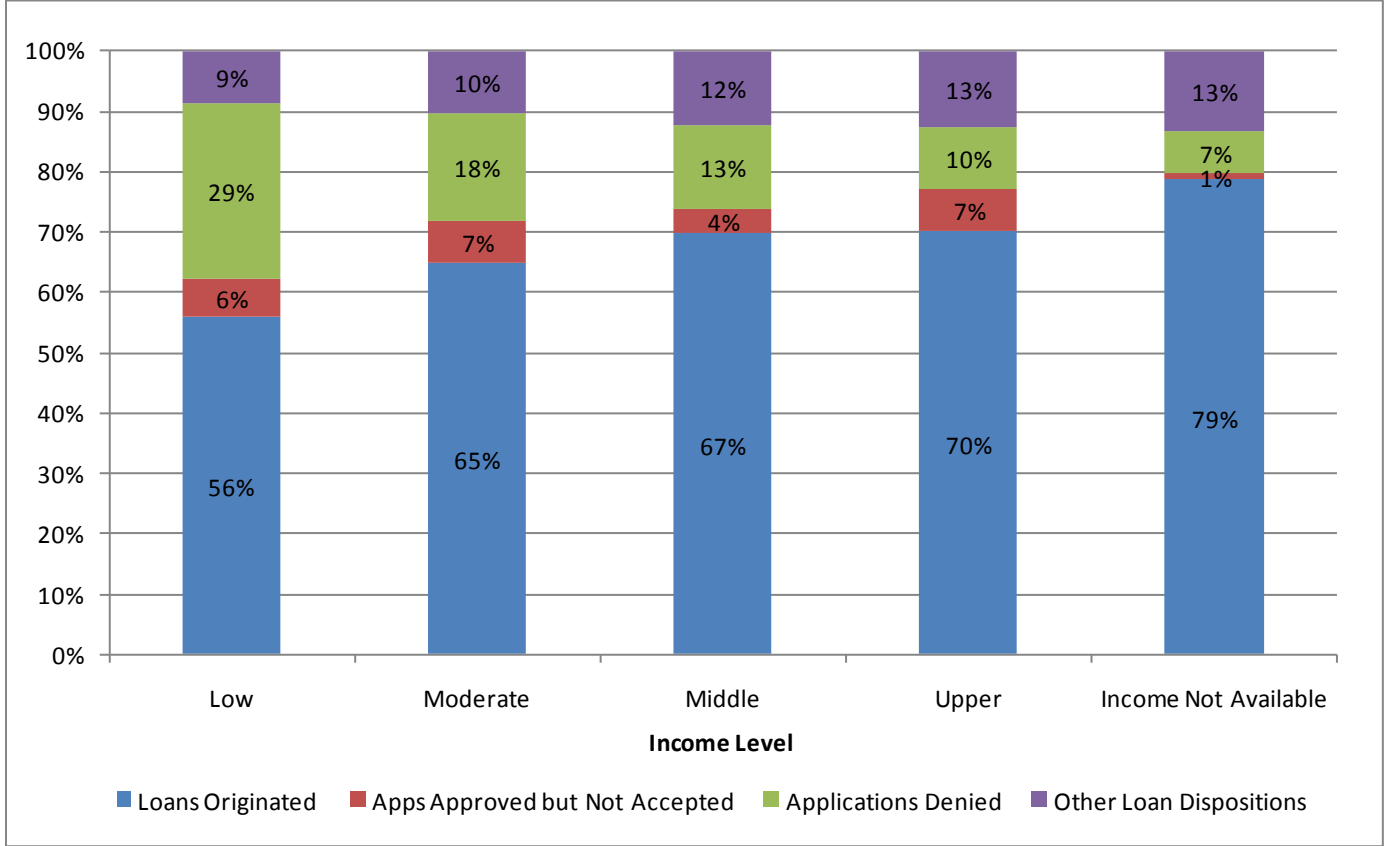
**Table 23: Disposition of Conventional Loan Applications by Income Level**

Income Level	Applications Received		Loans Originated		Apps Approved but Not		Applications Denied		Other*	
		% of Total		% of Income Level		% of Income Level		% of Income Level		% of Income Level
	#	Apps	#	Apps	#	Apps	#	Apps	#	Apps
Low	266	2%	149	56%	17	6%	77	29%	23	9%
Moderate	754	8%	490	65%	52	7%	134	18%	78	10%
Middle	1,042	11%	700	67%	40	4%	138	13%	124	12%
Upper	4,168	45%	2,925	70%	291	7%	427	10%	525	13%
Income Not Available	202	2%	159	79%	2	1%	14	7%	27	13%

*\* Other: Applications Withdrawn or Closed for Incompleteness*

The chart and figure above describe the disposition of loan applications in both New Hanover County and the MSA as a whole. As could be expected, the percentage of loans originated rose in the upper income levels, and the percentage of loan applications that were denied increased at the lower income levels.

**Figure 6: Conventional Loan Disposition by Income Level**



**Note:** “Applications received but not accepted” represents loans that were approved by not accepted by the applicants. This designation is significant because it may represent loan terms which are unfavorable, or other complications which prove to be obstacles in loan origination. Other loan dispositions are: “Applications Withdrawn” or “Closed for Incompleteness”.

Loan approval and denial rates seem to be consistent with income as illustrated in

**Figure 6.** Disparity or barriers may be evident if minority applicants have higher rates of loan denials than non-minority applicants of the same income levels. This issue will be investigated further in the tables and charts below.

## A. Loan Disposition at Middle Income Levels

**Table 24: Loan Disposition Rates by Minority Status (Middle Income)**

Minority Status*	Apps. Received (% of All Apps)		Loans Originated (% by Minority)		Apps. Denied		Apps. Approved but Not Accepted	Apps. Withdrawn	File Closed/ Incomplete
	#	%	#	%	#	%			
White, Non-Hispanic	836	89.8%	584	69.9%	93	11.1%	61	77	21
Others, Incl. Hispanic	95	10.2%	10	10.5%	9	9.5%	26	1	0

**Note:** "Minority Status" combines information reported on race and ethnicity. "White Non-Hispanic" consists of applicants of White race who are not of Hispanic or Latino origin. The "Others, including Hispanic" category consists of applicants of minority races or Hispanic or Latino origin. Applicants not shown are Non-Hispanics where race is not available, Whites where ethnicity is not available and those where both race and ethnicity are not available.

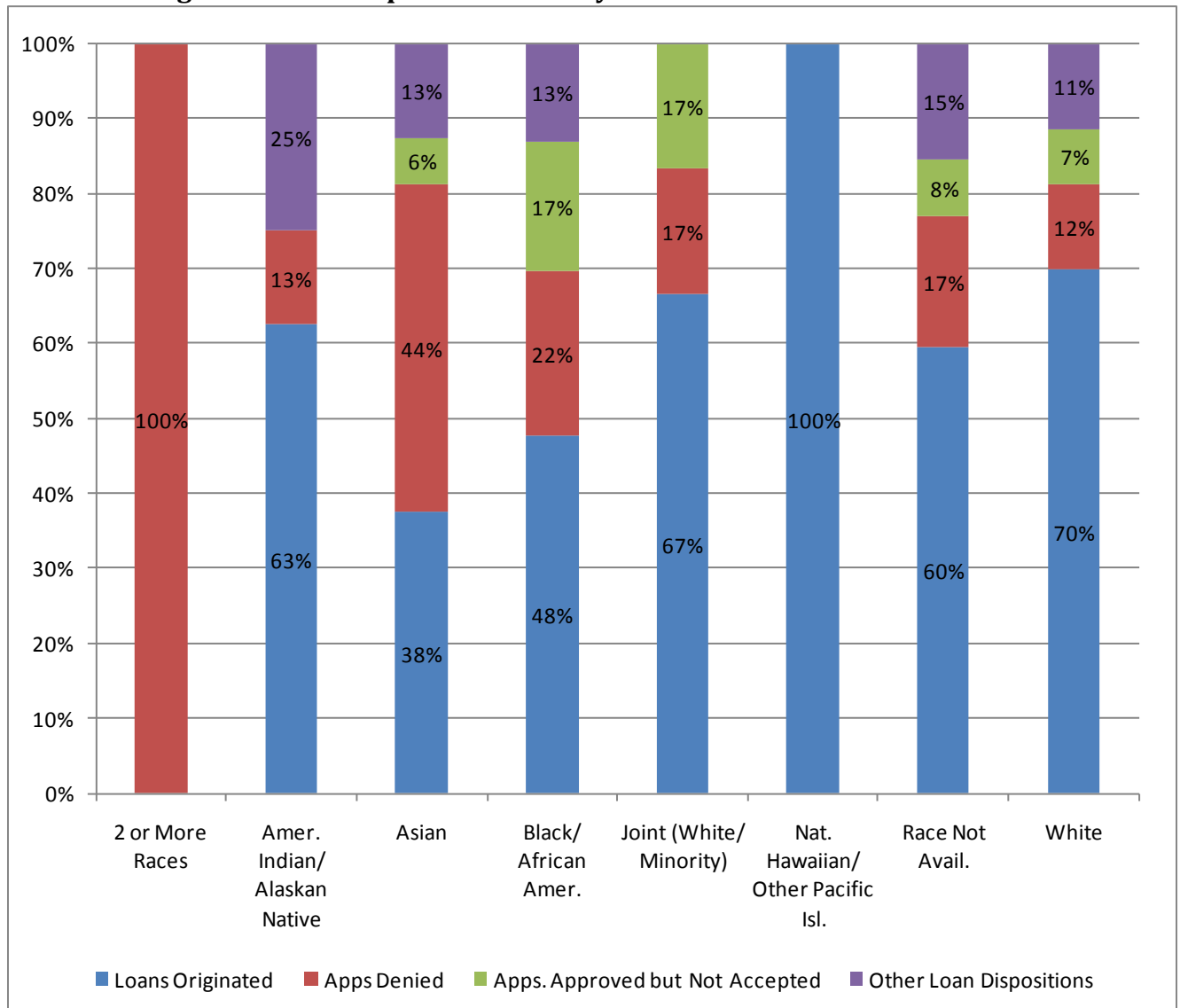
**Table 24** indicates that White, non-Hispanic (i.e. non-minority) applicants account for approximately 90% (836) of all applications at this income level; minorities account for 10.2% of applications at this income level. In 2008, almost 70% of applications made by non-minority applicants were approved and accepted. By comparison, just 10.5% of loans by minority applicants were approved. This is a significant difference in approval rates given similar income levels. It may also be significant to note that almost 27% of applications were approved by the lender but not accepted by the applicant. There are many reasons why an approved loan may be rejected by the borrower, including unfavorable terms, high interest rates or mortgage payments. However, when compared with the relatively low rate of loans rejected by non-minority borrower (7% of all applications), this issue may warrant further investigation. If there are institutional lending practices that lead minorities to reject approved loans, they may prove to be barriers to fair housing.

These figures indicate several things. First, minority and non-minority loan applicants at this income level have disparate loan origination rates. Also, the denial rates of minorities and non-minorities seem proportionate to one another. Therefore, further analysis of loan applications and lending patterns would be necessary to determine what reason, other than minority status may be contributing to the disproportionate



loan origination rates at similar income levels. There are many factors that contribute to loan application decisions, many of which are unrelated to discriminatory factors. HMDA data that indicates disparate figures among racial or ethnic groups requires further investigation to determine if systematic discrimination is occurring. If so, this discrimination presents a violation of fair housing laws and an impediment to fair housing.

**Figure 7: Loan Disposition Rates by Race at Middle Income Levels**



\* Other: Applications Withdrawn or Closed for Incompleteness

**Figure 7** indicates that White applicants at the middle income level (between 80% and 120% of the median family income) have a loan origination rate of almost 70% (69.9%). This means that 70% of the loan applications lead to an actual loan closing. White applicants have a loan denial rate of 11.2%. Black applicants have a loan origination rate of 48% with a loan denial rate of 22%. Asian applicants had the lowest loan origination rates and the highest rates of denial, despite comparable income levels. This is a relative comparison, as there were just seven (7) loans in which the applicants identified themselves as Asian, and half of those loans (four applications) were denied.

Next, the moderate income level will be analyzed to identify any patterns or barriers in lending at this income level. Note that the moderate income level is described as between 50% and 79% of the MSA median income. Also, some race categories are omitted from the following charts as they had no applications at this income level.

**Table 25: Conventional Loan Disposition Rates by Race at Moderate Income Levels**

Minority Status*	Apps. Received (% of All Apps)		Loans Originated (% by Minority)		Apps. Denied		Apps. Approved but Not Accepted	Apps. Withdrawn	File Closed/Incomplete
	#	%	#	%	#	%			
White, Non-Hispanic	608	89.0%	410	67.4%	94	15.5%	42	52	10
Others, Incl. Hispanic	75	11.0%	36	48.0%	29	38.7%	4	5	1
	683		446		123				

**Table 25** indicates that White, Non-Hispanic applicants account for 89% (608) of all applications at this income level. Minority applicants account for 11% of all loans at this income level. Non-minority applicants had a loan origination rate of 67.4%. Minority applicants had a loan origination rate of 48.0%. At this income level, the loan origination rates of both minority and non-minority applicants are more proportionate to their percent of total applications (compared to those at the middle income level).

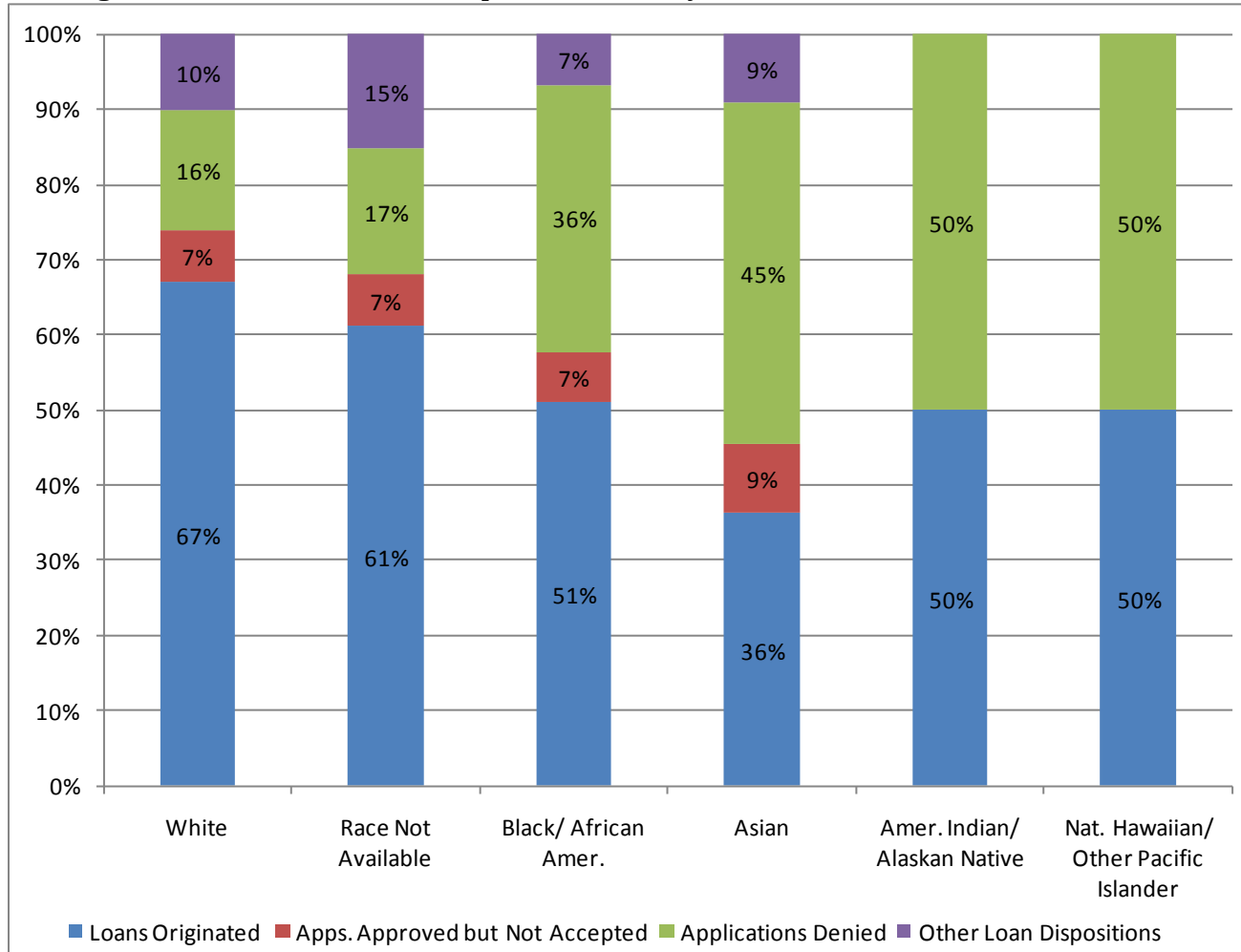
Minority applicants had more than double the denial rates of non-minority applicants. Stated another way, minority applicants were 23% more likely to be denied a loan than non-minority applicants. This is a significant difference and also warrants further investigation. Further analysis of loan applications and lending patterns would be necessary to determine what reason, other than minority status may be contributing to

the disproportionate loan origination rates. It appears that minority status impacts loan origination at this income level in the Wilmington MSA. This could prove to be a barrier to fair housing.

#### **B. Loan Disposition at Moderate Income Levels**

**Figure 8** illustrates that the highest loan origination rates at the moderate income level are by White applicants and applicants whose race is unknown or not reported. All minority groups had higher loan denial rates than White applicants. Similarly the denial rates for White applicants at this income level were just 16% while the denial rate of Black applicants was 36%. However, note that American Indians and Native Hawaiians only had two applications per group at this income level. Each had a 50% loan origination rate at this income level.

**Figure 8: Conventional Loan Disposition Rates by Race at Moderate Income Levels**

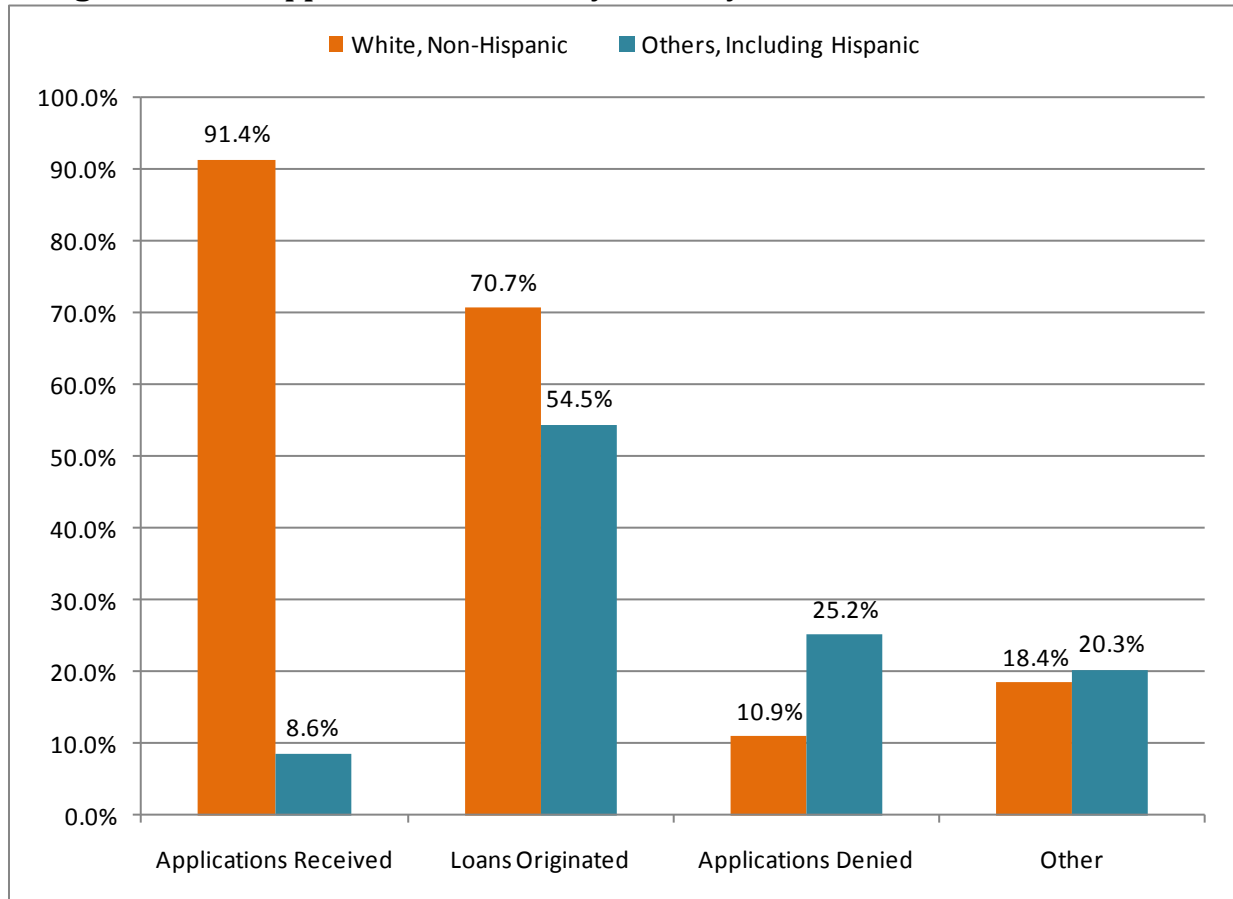


**Table 26: Conventional Denial Rates by Reason and Income Level**

	Low Income		Moderate Income		Middle Income		Upper Income		Income Not Avail.		Total Denials
	#	%	#	%	#	%	#	%	#	%	
Debt to Income Ratio	31	35.6%	43	31.9%	36	16.1%	93	20.5%	3	25.0%	206
Empl. History	2	2.3%	4	3.0%	7	3.1%	4	0.9%	0	0.0%	17
Credit History	27	31.0%	38	28.1%	39	17.5%	58	12.8%	3	25.0%	165
Collateral	9	10.3%	14	10.4%	20	9.0%	110	24.3%	2	16.7%	155
Insufficient Cash	7	8.0%	8	5.9%	7	3.1%	29	6.4%	1	8.3%	52
Unverifiable Information	2	2.3%	3	2.2%	8	3.6%	40	8.8%	0	0.0%	53
Credit App Incomplete	1	1.1%	6	4.4%	11	4.9%	24	5.3%	0	0.0%	42
Mortgage Ins. Denied	0	0.0%	1	0.7%	2	0.9%	2	0.4%	0	0.0%	5
Other	8	9.2%	18	13.3%	93	41.7%	93	20.5%	3	25.0%	215
<b>Total Denials/ Percent of Total</b>	<b>87</b>	<b>9.6%</b>	<b>135</b>	<b>14.8%</b>	<b>223</b>	<b>24.5%</b>	<b>453</b>	<b>49.8%</b>	<b>12</b>	<b>1.3%</b>	<b>910</b>

*Note: Individual loans may indicate multiple reasons for denials*

**Figure 9: Loan Approval and Denial by Minority Status, All Conventional Loans**



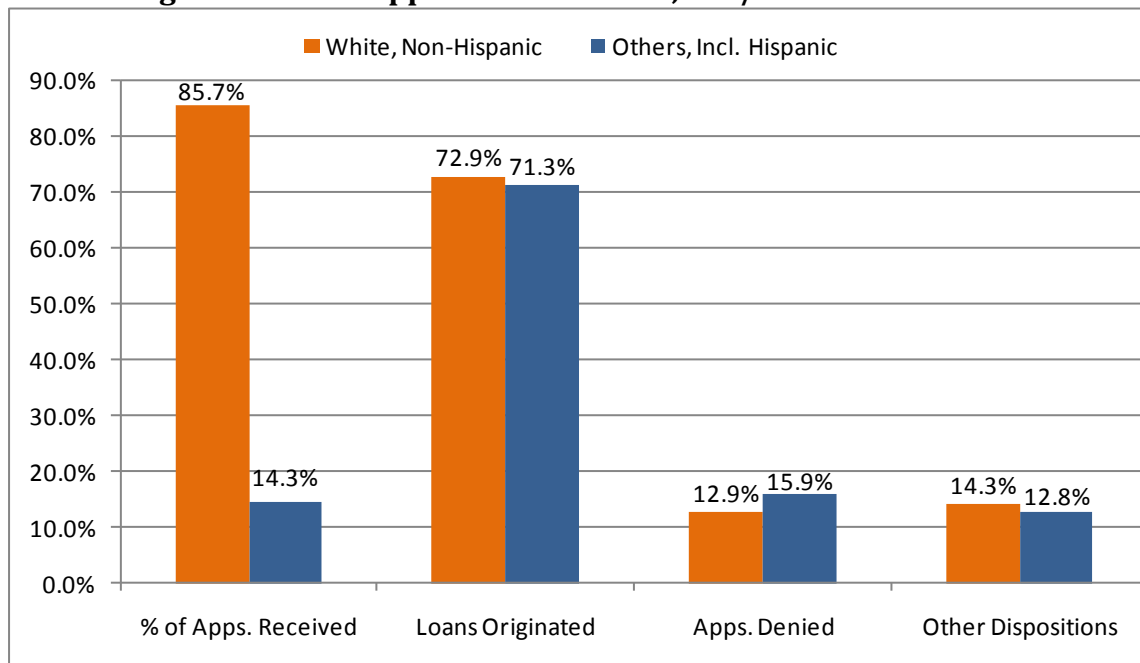
In comparing both the *middle* and *moderate* income levels as well as conventional loans overall, there appears to be a disparity in loan origination and denial rates between minorities and non-minorities in the Wilmington MSA. The analysis appears to indicate, consistent with studies of HMDA data in other locations, that race/ethnicity is a factor in loan approvals in the Wilmington MSA. Even after comparing similar incomes, the percentages of loan approvals were significantly lower for non-minorities (i.e. White applicants). These data, however, cannot be used to conclude definite redlining or discrimination because many factors, such as income, income-to-debt ratio, credit rating, and employment history, affect approval and denial rates.

### **C. Government Guaranteed Loan Programs**

Certain programs operated by the federal government provide loan guarantees to applicants with specific issues. These programs, known as the Federal Housing

Administration (FHA), Farm Service Agency (FSA) and Veterans Administration (VA) loans, provide loans for home and farm purchases to applicants who may have difficulty obtaining conventional loans. These loans are typically targeted to special populations, e.g. low-income borrowers, borrowers with damaged credit, veterans and farmers. For example, the FHA loan program offers lower interest rates, requires a low down-payment (3.5% of purchase price) and requires less income than most conventional loans. These loans are important to consider in the analysis, since these borrowers would have, by definition, some characteristics that make it difficult to obtain conventional loans. Therefore, these applications *may* be more comparable in terms of the factors which are not collected in HMDA data, namely credit score and income-to-debt ratio.

**Figure 10: Loan Applications for FHA, FSA/RHS and VA Loans**



Loan origination and denial rates between minorities and non-minorities were more equitable in FHA, FSA/RHS and VA loans than in the conventional loans. Stated differently, minorities and non-minorities have approximately an equal chance of being approved or denied for a loan through a government loan programs. In conventional loan programs, the outcomes of minority loans are significantly different from those of

non-minorities. When controlling for all factors (within the limitations of the data), odds of loan approval were significantly lower for minorities. However, definitive causes for the disparities cannot be found within the HMDA data, as it does not track all of the variables which play a part in the loan approval process. Therefore, although home loan bias or discrimination can be suspected, it cannot be proven using this data set. Further information is required to determine if discrimination is present in the Wilmington/New Hanover County market area. **If discrimination is present, then it is a barrier to impediments in fair housing in this area.**

### C. National Community Reinvestment Coalition Report

The National Council of Negro Women (NCNW) is a council of national African-American women's organizations and community-based sections. The NCNW mission is to lead, develop, and advocate for women of African descent through research, advocacy, and national and community-based services and programs on issues of health, education, and economic empowerment in the United States and Africa. The National Community Reinvestment Coalition (NCRC) is an association of more than 600 community-based organizations that promote access to basic banking services, including credit and savings, to create and sustain affordable housing, job development, and vibrant communities for America's working families. The NCNW and NCRC partnered to develop a report which explores race and gender disparities in mortgage lending. The study provided valuable information on subprime and predatory lending.

*"Subprime loans have an interest rate higher than prevailing and competitive rates in order to compensate for the added risk of lending to a borrower with imperfect credit. NCRC defines a predatory loan as an unsuitable loan designed to exploit vulnerable and unsophisticated borrowers. Predatory loans are a subset of subprime and non-traditional prime loans. A predatory loan has one or more of the following features:*

- 1) charges more in interest and fees than is required to cover the added risk of lending to borrowers with imperfect credit;*
- 2) contains abusive terms and conditions that trap borrowers and lead to increased indebtedness;*
- 3) does not take into account the borrower's ability to repay the loan; and*

*4) violates fair lending laws by targeting women, minorities, and communities of color. The steering of borrowers into high-cost loans results in lost home equity and has contributed to inequalities in wealth-building, which is especially pronounced in minority communities” (National Council of Negro Women & National Community Reinvestment Coalition 2009).*

### Lending Patterns

NCRC examined lending patterns by analyzing 2007 HMDA data:

*In 2007, NCRC examined lending disparities between minorities and whites, while controlling for income and gender, across various metropolitan areas. NCRC developed eight fair lending indicators<sup>1</sup> which assess the extent of differences in the percentage of high-cost loans to whites and males vs. minorities and females. Metropolitan areas with fewer than 50 prime loans or 50 high-cost loans for any group of borrowers were excluded from one or more of the eight fair lending indicators because of insufficient data from which to draw meaningful conclusions. For each of the fair lending indicators, the metropolitan areas were ranked for lending disparities (The lending analysis of low- and moderate-income African-American females vs. white females reveals significant disparities in lending. Almost 70 percent of all metropolitan areas included in this analysis (76 out of 109) had a high-cost disparity ratio of two or above. This indicates that low- and moderate-income African-American females were more than twice as likely to receive high-cost loans than low- and moderate-income white females in the majority of metropolitan areas examined. In 2007, low- and moderate-income African-American females were more than three times as likely to receive high-cost loans compared with low and moderate-income white females in the following 10 metropolitan areas:*

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<sup>1</sup> NCRC considered the following fair lending indicators: 1) Low- and moderate-income African-American females vs. Low- and moderate income white females 2) Low- and moderate-income Hispanic females vs. Low- and moderate-income white 3) Middle- and upper-income African-American females vs. Middle- and upper income white females 4) Middle- and upper-income Hispanic females vs. Middle- and upper-income white females Low- and moderate-income African-American males vs. 5) Low- and moderate income white males 6) Low- and moderate-income Hispanic males vs. Low- and moderate-income white males 7) Middle- and upper-income African-American males vs. Middle- and upper income white males 8) Middle- and upper-income Hispanic males vs. Middle- and upper-income white males



1. Milwaukee-Waukesha-West Allis, WI
2. Wilmington, NC
3. Chicago-Naperville-Joliet, IL
4. Harrisburg-Carlisle, PA
5. Durham, NC
6. Raleigh-Cary, NC
7. Charleston-North Charleston, SC
8. Sarasota-Bradenton-Venice, FL
9. Hartford-West Hartford-East Hartford, CT
10. Lafayette, LA

*In Wilmington, North Carolina, low- and moderate-income African-American females were more than 3.5 times as likely to receive high-cost loans as were low- and moderate-income white females (almost 40 percent of the loans to African-American females were high-cost vs. only 11.2 percent of high-cost loans to low- and moderate-income white females).*

*Note that by this calculation, Wilmington ranks number two (2) in a list of one hundred and nine (109) metropolitan statistical areas in terms of high cost lending to low to moderate income female, minority loan applicants as compared to similarly situated non-minority, female applicants. This disparity in lending and lending terms, specifically for this demographic group, represents a barrier to fair housing in the City of Wilmington and New Hanover County. This impediment extends to both male and female minority loan applicants in the Wilmington, MSA as illustrated in the 2008 loan data analysis. (National Council of Negro Women & National Community Reinvestment Coalition 2009)*

## **SECTION VIII: IMPEDIMENTS TO FAIR HOUSING CHOICE IN NEW HANOVER COUNTY**

The following sections describe possible Impediments to Fair Housing within the City of Wilmington and New Hanover County which were discussed earlier in this document.

### **A. Lack of affordable housing, specifically for disabled and low-income populations**

Service providers report that demand exceeds the supply of accessible, subsidized units for disabled individuals. The lack of affordable rental housing, especially for elderly,

disabled and other special populations is well documented, by the Consolidated Plan, and practitioners. The 3,500 families on the Wilmington Housing Authority Section 8 waiting list are one indication of the need for affordable rental housing.

Recommended Actions:

1. Change the voluntary density bonus a mandatory program within City limits. Developers have no incentive to utilize the outside the City limits, as space is more plentiful. However, within the City limits, the City can require (or encourage through incentives) builders to provide additional units. The City can further strengthen this program by requiring builders to restrict a portion of those units to special populations.
2. Review, and if necessary, revise zoning ordinances to permit single room occupancy units throughout the county.
3. Since land is more plentiful outside of the city limits, county officials may need to work with the local transit authority to determine if there is adequate service in outlying areas of the county.

**B. Lack of transportation in outlying areas of the County**

As discussed earlier in this document, lack of transportation outside of the city limits housing access for special populations (e.g. low-income families and seniors) in those areas.

Recommended Actions:

WAVE Transit's Human Services Plan acknowledges the need for additional public transportation throughout the county. The plan additionally recognizes the need for expanded hours of operations. Implementation of both items will allow special populations regarding housing locations and employment opportunity. The city and county should support these efforts.

**C. Lack of fair housing enforcement by a local agency or department**

Currently, the City of Wilmington and New Hanover County do not have a fair housing department or agency to receive complaints, or promote education and outreach. Lack

of effective enforcement is a potential barrier to fair housing in the city and county. Without a local presence and efforts of a local fair housing agency it is more difficult to raise awareness of the law and rights granted under the law. Many who are aware of their rights may not be aware of how or where to file a complaint. This lack of a central location for filing complaints and obtaining information about fair housing may constitute a barrier to fair housing. Additionally, a lack of education by both citizens and housing professionals may lead to discrimination or a violation of fair housing laws.

Recommended Actions:

1. The city or county should re-establish a Human Relations Commission and re-enact a fair housing ordinance. This entity should be charged with monitoring and enforcing fair housing ordinances and investigating fair housing complaints.
2. If the city or county does not have the resources to re-establish the Human Relations Commission, they should consider soliciting an intern from a local college to institute basic practices with regard to fair housing. Responsibilities of the intern may include:
  - Disseminating fair housing information to practitioners in the housing and lending industry, non-profit agencies and local advocacy organizations
  - Developing and monitoring a telephone hotline (or voice mailbox) through which citizens can request information about fair housing or report suspected housing discrimination
  - Work with the city and county to maintain fair housing information on each website

The intern could serve as a conduit of information between local citizens regarding fair housing. Further, the intern could assist citizens in contacting the appropriate agencies to report fair housing violation. It would be helpful if the intern were bilingual (e.g. Spanish-speaking) to accommodate the growing Hispanic community. Though it is not necessary for the intern to *investigate* housing discrimination, it is significant that local citizens have access to information.

#### **D. Disparity and Inequality in Lending**

Analysis of 2008 HMDA data reveals a disparity in the loan origination patterns and denial rates of minorities and non-minorities in the Wilmington MSA. As described earlier in this report, despite similar income levels, minorities have a higher rate of denial than non-minorities. The data however is limited in scope and further investigation would be necessary to determine if discrimination is present. Note that the *perception* of lending bias, or undue burdens on minorities seeking home loans could be a barrier to fair housing.

##### Recommended actions:

Though mortgage lending is primarily a function of the private sector, the City and County can encourage and monitor fair lending practices and provide consumer education. KWA recommends that:

1. The city and/or county partner with local agencies, including banks and non-profit agencies to provide home buying and credit counseling services.
2. The city or county staff (or previously mentioned intern) periodically reviews HMDA data and other available sources of information to monitor lending to low-income and minority citizens in the Wilmington/New Hanover County area. This is especially significant for banks or financial institutions that do business with the city or county government or receive public funds in any way. The city and county government should defend and uphold fair housing laws and require its business partners to do the same.



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<sup>1</sup> (City of Wilmington 2007)

<sup>2</sup> (North Carolina Office of State Budget and Management 2009)

<sup>3</sup> (City of Wilmington 2007)

<sup>4</sup> (Division of Aging and Adult Services

<sup>5</sup> (City of Wilmington 2007)

<sup>6</sup> (U.S. Census Bureau 2010)

<sup>7</sup> (US Department of Housing and Urban Development  
[www.hud.gov/offices/cpd/affordablehousing](http://www.hud.gov/offices/cpd/affordablehousing))

<sup>8</sup> (U.S. Dept.of Housing and Urban Development, 2008

<sup>9</sup> (City of Wilmington 2009)

<sup>10</sup> (City of Wilmington 2003)

<sup>11</sup> (US Department of Housing and Urban Development 2003)

<sup>12</sup> (Wilmington 2009)

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<sup>13</sup> (City of Wilmington 2003)

<sup>14</sup> (Cape Fear Transportation Authority 2008)

<sup>15</sup> (Cape Fear Transportation Authority 2008)

<sup>16</sup> (Cape Fear Transportation Authority 2008)

<sup>17</sup> (Wilmington 2008)

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